

JPRS-UIE-85-004

14 February 1985

USSR Report

INTERNATIONAL ECONOMIC RELATIONS



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service (NTIS), Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semimonthly by the NTIS, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

Soviet books and journal articles displaying a copyright notice are reproduced and sold by NTIS with permission of the copyright agency of the Soviet Union. Permission for further reproduction must be obtained from copyright owner.

14 February 1985

USSR REPORT INTERNATIONAL ECONOMIC RELATIONS

CONTENTS

AFRICA

- Protocol for Modernization of Ethiopian Polytechnical Institute
(SOBRANIYE POSTANOVLENIY PRAVITEL'STVA SSSR, No 9, 1984) 1
- Protocol for Establishment of Agricultural Enterprise in Guinea
(SOBRANIYE POSTANOVLENIY PRAVITEL'STVA SSSR, No 9, 1984) 4

THE AMERICAS

- Meeting With Peruvian Trade Commission Noted
(Izabella Kuznetsova; FOREIGN TRADE, No 10, 1984) 8

ASIA

- Briefs
USSR-DRA Protocol Signed 12

CEMA/EASTERN EUROPE

- USSR-GDR Trade Protocol Signed
(EKONOMICHESKAYA GAZETA, No 51, Dec 84) 13
- CEMA Countries Coordinate National-Economic Plans
(N. Inozemtsev; PLANOVOYE KHOZYAYSTVO, No 10, Oct 84) .. 15
- Cooperation With GDR Reviewed
(Ingrid Braatz; FOREIGN TRADE, No 10, 1984) 22
- Cooperation With Romania Discussed
(Nikolai Mikhailenko; FOREIGN TRADE, No 10, 1984) 24
- Conference: Methodological Problems of Long-Term Forecasting
(V. Fal'tsman; VOPROSY EKONOMIKI, No 10, Oct 84) 29

CEMA Joint Investment Assistance (O. Il'in; VOPROSY EKONOMIKI, No 10, Oct 84)	33
THE MIDDLE EAST	
Trade, Cooperation With Turkey Discussed (FOREIGN TRADE, No 12, Dec 84)	45
WESTERN EUROPE	
New Finnish Trade Protocol Discussed (Alexei Manzhulo; FOREIGN TRADE, No 12, Dec 84)	48
Briefs Finnish Trade Protocol Signed	56
GENERAL	
Meeting of U.S.-USSR Trade and Economic Council Reviewed (Vladimir Sushkov; FOREIGN TRADE, No 10, 1984)	57
Decree on Penalties for Violating USSR Sea Economic Zone (VEDOMOSTI VERKHOVNOGO SOVETA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIK, No 46, 14 Nov 84)	64
January-September Foreign Trade Statistics (FOREIGN TRADE, No 12, Dec 84)	67
Foreign Currency Rates for November Compared (EKONOMICHESKAYA GAZETA, various dates)	76
Rates Compared Early November Changes, by Ye. Zolotarenko Mid-November Changes, by Ye. Zolotarenko	

AFRICA

PROTOCOL FOR MODERNIZATION OF ETHIOPIAN POLYTECHNICAL INSTITUTE

Moscow SOBRANIYE POSTANOVLENIY PRAVITEL'STVA SSSR in Russian No 9, 1984
pp 147-149

[Protocol between the Government of the Union of Soviet Socialist Republics and the Provisional Military Government of Socialist Ethiopia on the Provision of Assistance to Ethiopia in Modernizing and Expanding the Polytechnical Institute in Bahrdar, signed 11 May 1984 in Addis Ababa]

[Text] The Government of the Union of Soviet Socialist Republics and the Provisional Military Government of Socialist Ethiopia,
proceeding from the friendly relations that exist between the two countries,
guided by the desire to develop economic and technical cooperation between them,
recognizing the positive results that flow from economic and technical cooperation between the two countries,
with the aim of expanding Ethiopia's possibilities in the training of technical personnel,
have agreed on the following:

Article 1

The Government of the Union of Soviet Socialist Republics, taking into account the requirements of the Provisional Military Government of Socialist Ethiopia for technical personnel, expresses agreement to render Socialist Ethiopia assistance on a noncompensatory basis in the modernization and expansion of the polytechnical institute in Bahrdar, including, if necessary, organization of the training of Ethiopian specialists in the polytechnical institute in Bahrdar in industrial and civil construction and in the maintenance and operation of motor transport.

Article 2

In order to provide technical assistance in the expansion and modernization of the polytechnical institute stipulated in Article 1 of this protocol, Soviet organizations:
will perform design and survey work in collaboration with Ethiopian organizations;

will deliver from the USSR laboratory equipment, equipment for workshops and other equipment and materials, including certain building materials in amounts agreed upon by competent Soviet and Ethiopian organizations;

will assign Soviet specialists to Socialist Ethiopia for the purpose of providing assistance in the collection of initial data and the performance of installation and adjustment and start-up work.

Article 3

In order to perform work on the expansion and modernization of the polytechnical institute in Bahrdar that is stipulated in Article 1 of this protocol, the Ethiopian side, at its expense:

will provide Soviet organizations with available initial data required for the performance of design work;

will relieve Soviet organizations of the payment of tariffs, taxes and duties to which equipment and materials imported into Socialist Ethiopia might be subject;

pledges to carry out the unloading of equipment and materials from ships, as well as their transportation from Ethiopian ports of delivery to the sites where work is carried out;

will carry out construction and installation work and work to lay external utility lines and build auxiliary facilities, and will also provide local manpower, fuel and lubricants, electric power, water and other local materials for the performance of this work;

will provide Soviet specialists assigned to Socialist Ethiopia, including members of their families, with furnished apartments with all the necessary conveniences and services, transportation for business trips within the territory of Ethiopia, and medical care, including, when necessary, hospitalization; and will also relieve them from the payment of direct taxes, duties and tariffs to which Soviet specialists and the members of their families, as well as their personal items taken into Socialist Ethiopia, might be subject.

Article 4

Competent Soviet and Ethiopian organizations will agree on detailed terms for fulfillment of the provisions stipulated in this protocol.

Article 5

In all other matters not stipulated in this protocol, appropriate provisions of the 19 September 1978 Soviet-Ethiopian Agreement on Economic and Technical Cooperation will be in effect.

Article 6

This protocol takes effect on the day of its signing.

Done in Addis Ababa 11 May 1984 in two original copies, each in Russian and English languages, with each text having equal force.

on the authority
of the Government of the Union
of Soviet Socialist Republics

V. N. Fedorov

on the authority
of the Provisional Military Government
of Socialist Ethiopia

[D. Getachu]

8756
CSO: 1825/36

AFRICA

PROTOCOL FOR ESTABLISHMENT OF AGRICULTURAL ENTERPRISE IN GUINEA

Moscow SOBRANIYE POSTANOVLENIY PRAVITEL'STVA SSSR in Russian No 9, 1984 pp 150-153

[Protocol Between the Government of the Union of Soviet Socialist Republics and the Government of the Republic of Guinea on Cooperation in the Establishment of a Multibranch Agricultural Enterprise in Guinea, signed 14 June 1984 in Moscow]

[Text] The Government of the Union of Soviet Socialist Republics and the Government of the Republic of Guinea,

proceeding from the friendly relations that exist between the two countries,

striving for the further development of economic and technical cooperation between the Union of Soviet Socialist Republics and the Republic of Guinea, have agreed on the following:

Article 1

The Government of the Union of Soviet Socialist Republics, meeting the wishes of the Government of the Republic of Guinea, expresses agreement to provide assistance in the establishment of a multibranch agricultural enterprise on an area of 2,400 hectares in the region of [Monshon].

Article 2

For the purpose of providing the assistance specified in Article 1 of this protocol, Soviet organizations:

- will perform design and survey work;
- will deliver equipment and materials manufactured in the USSR, including a certain quantity of fuel and lubricants, in accordance with agreement between the two sides' organizations;
- will assign Soviet specialists to the Republic of Guinea to provide technical assistance in the performance of construction and installation work and the adjustment and start-up of equipment delivered from the USSR;
- will accept into the USSR Guinean citizens in numbers agreed upon by competent organizations of the sides for production and technical training.

Article 3

For the purpose of carrying out work on the facility specified in Article 1 of this protocol, Guinean organizations:

- will turn over available initial data to Soviet organizations;
- will examine and confirm project plans drafted by Soviet organizations within three months from the date on which they are presented to Guinean organizations;
- will carry out, with the assistance of Soviet specialists, the necessary construction and installation work and adjustment and start-up work;
- will provide the necessary electric power, water and other local materials for the performance of work;
- will provide for the acquisition of import licenses and will also carry out all the necessary customs formalities, including the payment of tariffs, taxes and other duties to which equipment and materials delivered from the USSR might be subject;
- will carry out the unloading from ships of equipment and materials, as well as their transportation and insurance from the port of delivery to the sites where work is carried out.

Article 4

For the payment of Soviet organizations' expenses connected with the performance of design and survey work, deliveries from the USSR of equipment and materials, and the assignment of Soviet specialists necessary for the establishment of the multibranch agricultural enterprise stipulated in Article 1 of this protocol, the government of the Union of Soviet Socialist Republics grants credit to the government of the Republic of Guinea.

Article 5

The Government of the Republic of Guinea will repay the credit granted in accordance with Article 4 of this protocol over a period of 10 years in equal annual shares, starting three years following the year in which the corresponding part of the credit is used; the payments will be made no later than 15 March of each year of payment.

Interest on credit will be charged from the date on which the corresponding part of the credit is used and will be paid within the first quarter of the year following the year for which it is charged. The last payment of interest will be made simultaneously with the last payment on the principal.

The date of use of credit for payment for equipment and materials delivered from the USSR to Guinea will be considered the date of the bill of lading, and the date of use of credit for the payment of other types of services will be considered the date of billing.

Article 6

The repayment of credit specified in Article 4 of this protocol and the payment of the interest charged on it will be made by the Government of the Republic

of Guinea by means of deliveries to the USSR of the bauxite specified for delivery to the USSR in accordance with the 27 November 1969 Soviet-Guinean agreement, and the deliveries of other Guinean goods that are of interest to Soviet organizations, and/or in freely convertible currency deposited in accordance with the instructions of the USSR Foreign Trade Bank to its accounts in the banks of third countries.

In the repayment of credit by means of deliveries of bauxite and other Guinean goods, the Guinean Side will deposit appropriate sums in Special Account No. 3, opened in the Central Bank of Guinea in the name of the USSR Foreign Trade Bank.

The sums deposited in the aforementioned account will be used by Soviet organizations for the purchase in Guinea of the aforementioned goods on terms of the existing Soviet-Guinean Long-Term Agreement on Trade and Payments and Agreement on Questions of Payments, and also for other payments by Soviet organizations in the Republic of Guinea.

If in the course of six months from the date of the deposit of appropriate sums in the aforementioned account of the USSR Foreign Trade Bank, the Guinean Side does not present Soviet foreign-trade organizations with corresponding goods to be purchased at world prices, the sums that are thereby unused may, at the instruction of the USSR Foreign Trade Bank, be transferred to its accounts in freely convertible currency in third countries. When this is done, the conversion of sums in nominal U.S. dollars used as a reference for settlements into the currency of conversion will be carried out according to the exchange rate of the Central Bank of Guinea as of the day preceding the day of payment.

In the making of payments to repay the credit provided in Article 4 of this protocol, the conversion of rubles into nominal U.S. dollars used as a reference for settlement, or into freely convertible currency will be carried out according to the exchange rate of the USSR State Bank as of the day preceding the day of payment.

Article 7

The Government of the Union of Soviet Socialist Republics authorizes the USSR Foreign Trade Bank, and the Government of the Republic of Guinea authorizes the Central Bank of Guinea to carry out accounting and settlement with regard to the credit provided in accordance with this protocol. In the shortest possible time, but in any event prior to the provision of assistance, the aforementioned banks of the sides will establish procedures for accounting and settlement with regard to the credit that is granted and will take all measures within their power to provide for the precise and timely making of payments on the credit.

Article 8

Competent Soviet and Guinean organizations will conclude contracts in which agreement is reached on the volumes, dates, prices and other terms for the establishment of the facility stipulated in this protocol.

Article 9

This protocol takes effect on the day of its signing.

Done in Moscow 14 June 1984 in two original copies, each in Russian and French languages, with each text having equal force.

on the authority
of the Government of the Union
of Soviet Socialist Republics

Ya. Ryabov

on the authority
of the Government of
the Republic of Guinea

A. Fofana

8756

CSO: 1825/36

THE AMERICAS

MEETING WITH PERUVIAN TRADE COMMISSION NOTED

Moscow FOREIGN TRADE in English No 10, 1984 pp 48-49

[Article by Izabella Kuznetsova]

[Text]

The Soviet-Peruvian Intergovernmental Joint Commission on Trade, Economic, Scientific and Technical Cooperation and Fishery, set up in 1979, is an important instrument promoting trade and economic relations between the USSR and Peru. Its regular, third meeting was held in Lima.

The Soviet delegation was led by A. N. Manzhulov, Deputy Minister of Foreign Trade, and Peru's delegation by J. Mariategui Arellano, General Secretary and Deputy Foreign Minister on the Matters of Economics and Integration.

Also as members of the Soviet delegation were: representatives of the USSR Foreign Trade Ministry, the State Committee for Foreign Economic Relations, the Ministries of Fishery and Civil Aviation; on the Peruvian side were officials from the Ministry of Foreign Affairs, Ministry of Economics, Finance and Commerce, Ministry of Fishery, and other ministries and departments, and also representatives from the Association of Peru's Exporters.

The Commission discussed trade, economic, scientific and technical relations and also cooperation in fishery.

In Lima the Soviet delegation was received by F. Belaunde Terry, President of Peru, and Chairman of the Council of Ministers S. Mariategui Chiappe, who at the same time is Foreign Minister and Minister of Economics, Finance and Commerce.

The delegations considered the state of trade relations between the two countries since the second meeting of the joint commission. They agreed that the trade has not yet a sufficiently stable base which could satisfy both sides and that the level of mutual trade was not up to the two countries' possibilities.

The sides noted that among the measures conducive to a greater and stronger trade between the two countries one could mention the prolongation and expansion of the General Long-term Agreement on the Shipments from Peru to the USSR of Non-Ferrous Metals and their Concentrates, the consideration of possible compensation transactions with maximum volumes of non-traditional commodities, the visit to the USSR of a trade delegation formed from representatives of state and private Peruvian firms, expanded exports of Soviet machinery and equipment meeting Peru's requirements under the Agreement on Deliveries to Peru of Soviet Machines and Equipment, timely import-export offers, and the exchange of economic and commercial information.

The Soviet delegation spoke about Soviet foreign trade organizations' readiness to supply Peru with aircraft (including the AN-32 transport planes for high-mountain aerodromes), vessels of different types (tankers, dry-cargo ships, trawlers, hydrofoils, harbour tugs, docks, etc.), equipment for the mining industry (such as electric locomotives, mills and grinders; drilling rigs for oil, gas and water, geological prospecting and drilling equipment, etc.), power-generating and electrical equipment, metal-cutting machine tools (including those for assembly in Peru), equipment for nuclear research, lorries, trucks and passenger cars, etc. The Soviet delegation outlined Soviet foreign trade organizations' readiness to supply the Peruvian market with asbestos, cement, glass, carbamide, potassium chloride among other goods.

In addition the Soviet delegation pointed out that the All-Union Association Energomachexport was ready to continue negotiations on constructing a trolley-bus network in Lima.

The sides were satisfied with the progress made in implementing the General Long-term Agreement on the Shipment from Peru to the USSR of Non-Ferrous Metals and their Concentrates for 1982-1984. In connection with the validity of the said Agreement expiring this year the Soviet side expressed its readiness to study the Peruvian side's offer on the prolongation and expansion of the agreement in 1985, not excepting the possibility of its prolongation for the following years.

The sides were pleased to note as a positive factor the Soviet organizations' participation in the International Pacific Fair in Lima, 1983. The Soviet delegation informed that Soviet foreign trade organizations intended to take part in the Lima International Pacific Fair in 1985 and stressed that the Soviet Union would welcome Peru's participation in international exhibitions held in the USSR.

The Soviet delegation said that the USSR Chamber of Commerce and Industry was ready to receive a delegation from Peruvian business circles which would then have direct contacts with Soviet foreign trade associations and more thoroughly know their export possibilities. The Soviet side also mentioned that the USSR Chamber of Commerce and Industry could arrange a seminar, How to Trade with the USSR, for Peruvian business quarters at the 1985 International Pacific Fair.

The sides considered the progress made in the realization of the Soviet-Peruvian Agreement of November 17, 1983, in the part relating to the shipments to the USSR of Peruvian goods in payment for credits granted by the Soviet Union to Peru, and defined the measures to be conducive to the successful fulfilment of this agreement.

The Soviet delegation expressed its interest in purchasing in Peru goods of both traditional and non-traditional exports, specifically non-ferrous metals and their concentrates, rolled non-ferrous metals, cotton and cotton yarn, cotton fabrics, coffee, cocoa-products, poultry, frozen fish, canned fish among other products.

The Peruvian delegation confirmed its interest in supplying the Soviet Union with non-traditional exports and handed over a suggested list.

The sides considered the questions of Soviet-Peruvian economic and technical cooperation and noted that since the Joint Commission's second meeting the Soviet organizations had successfully fulfilled their commitments on assistance in designing the Olmos hydro-power and irrigation complex. The said project was approved by the Peruvian side in full volume.

Soviet specialists helped carry out a test exploitation of the industrial fish-processing complex in Paita, which was commissioned in 1981. A contract was signed on shipments of additional equipment for the complex.

The sides expressed full agreement with the progress made in fishery on the basis of the 1971 Soviet-Peruvian intergovernmental agreement and showed their intention to continue this cooperation. They noted the successful activity of the permanent subcommission on fishery, particularly in the expanded training programme for national personnel employed in the Peruvian fishing industry and agreed to study possibilities of jointly conducting fishery research in waters adjoining Peru's coasts and inland reservoirs.

The sides expressed their interest in continuing joint fishing in Peru's coastal waters, and also in

exchanging delegations of specialists to familiarize themselves with advances made in fishing, know-how in the fish-processing industry, and other fields of this industry.

The sides exchanged views on the possibility of concluding an Agreement on an Air Service between the two countries stemming from the understanding reached at the Joint Commission's second meeting. The Soviet delegation handed over a draft project for the said agreement.

The delegations also discussed the conclusion of an Intergovernmental Agreement on Navigation between the two countries and exchanged the texts of a draft agreement.

The sides agreed to hold talks in 1984 between the USSR State Committee for Science and Technology and Peruvian relevant organizations on coordinating a programme for scientific and technical cooperation for the period of one-two years and financial conditions of its realization.

The delegations expressed their pleasure with the warm atmosphere that pervaded the meeting and mutual understanding shown for each country's views.

The realization of the recommendations approved at the meeting will promote trade and economic relations between the USSR and the Republic of Peru.

COPYRIGHT: "Vneshnyaya trgovlya" English translation, "Foreign Trade", 1984

CSO: 1812/81

ASIA

BRIEFS

USSR-DRA PROTOCOL SIGNED--A protocol on trade turnover between the USSR and the DRA in 1985 was signed in Moscow 16 January as a result of talks which took place in an atmosphere of friendship and mutual understanding. In accordance with the protocol, in the current year machines and equipment, means of transport, petroleum products, ferrous metals, chemical fertilizers, construction materials, paper, timber, textiles, food products, and industrial consumer goods will be delivered to the DRA from the USSR. Deliveries of natural gas, carbamide, cotton fiber, sheep's wool, raw leather from small animals, oilseeds, fresh and dried fruits, nuts, canned olives, and other goods from the DRA to the USSR will continue. The protocol was signed by N.S. Patolichev, minister of foreign trade, for the USSR Government, and M.K. Jalalar, minister of commerce for the DRA Government. [Text] [Moscow IZVESTIYA in Russian 18 Jan 85 p 4]

CSO: 1825/44

CEMA/EASTERN EUROPE

USSR-GDR TRADE PROTOCOL SIGNED

Moscow EKONOMICHESKAYA GAZETA in Russian No 51, Dec 84 p 22

[Unattributed article: "USSR-GDR: Trade Turnover--Fifteen Billion Rubles"]

[Text] Trade talks between Soviet and GDR government delegations ended successfully in Moscow and a trade protocol between the two countries for 1985 was signed on 8 December.

During the preparation of the protocol, the parties were guided by the agreements reached during the meetings of the leaders of the fraternal parties and countries; they also proceeded from the main accords reached at the CEMA Economic Summit. The mutual delivery of goods covered by the protocol are coordinated on the basis of commitments resulting from the agreements on trade turnover and payments between the USSR and GDR for 1981-85 as well as by other economic cooperation agreements concluded to develop the long-term program of production specialization and cooperation between the two countries.

In accordance with the protocol, the total volume of trade between the USSR and GDR in 1985 will exceed 15 billion rubles. The GDR remains the USSR's largest trading partner, while the USSR as usual will occupy first place in the GDR's foreign trade.

On the basis of specialization, the Soviet Union will deliver to the GDR machinery and equipment for various branches of its economy. In particular, metal-working equipment, equipment for the chemical and light industries, special technological equipment for the electronics industry, micro-electronic products, road-building machinery, tractors, cars, trucks, and aviation equipment will be supplied. Deliveries to the GDR of basic types of fuel and raw materials needed to ensure the planned development of the republic's economy will be continued in substantial volumes. Among these materials are coal, coke, oil and natural gas, ferrous and non-ferrous metals, iron ore, timber, cotton, and other goods.

As in previous years, various types of transportation means vehicles and equipment earmarked in particular for the equipping of start-up facilities and newly-erected buildings of the current five-year plan will occupy a fundamental place in GDR exports to the USSR.

In 1985 the GDR will export to the USSR improved metal-cutting machine tools including numerically controlled ones, presses, robot-equipped production complexes, and automated metalworking lines. This equipment will be used for setting up an entire series of plants, in particular those for automobile and farm machinery construction, and the electronics industry. Equipment deliveries for heavy mining complexes will promote the development of the Ekibastuzsk and Kansk-Achinsk fuel-energy complexes. An oil and natural gas processing plant will be sent to western Siberia which will have a production capacity of 3 million tons per year. The GDR is the USSR's largest foreign supplier of farming and food industry machinery and equipment. Deliveries of this equipment will help in the implementation of the USSR's Food Program. In 1985 our country will receive from the GDR a considerable volume of computer equipment, chemical and metallurgical industry equipment, printing and textile machinery, various instruments, automatic telephone exchanges, and other types of machinery and equipment. To supplement the Soviet Union's ocean, river, and fishing fleets the GDR will deliver modern ships and ship equipment.

On the basis of cooperation the GDR will increase its deliveries to the USSR of equipment and materials needed for the further development of consumer goods production. Included among the GDR's export items are chemical industry products, manufactured consumer goods, sewn and knitted items, furniture, leather goods, china, household chemicals, and other goods.

The realization of the specified commitments in the protocol for mutual deliveries of goods will aid in the fulfillment of the national economic plans and more complete satisfaction of the economic needs of both countries.

The negotiations were conducted in an atmosphere of friendship, complete mutual understanding and business-like cooperation.

The protocol was signed by the USSR Minister of Foreign Trade N. S. Patolichev and by the GDR Minister of Foreign Trade H. Soelle.

The GDR Ambassador to the USSR E. Winkelmann was present at the signing ceremony.

CSO: 8144/0646

CEMA/EASTERN EUROPE

CEMA COUNTRIES COORDINATE NATIONAL-ECONOMIC PLANS

Moscow PLANOVYE KHOZYAYSTVO in Russian No 10, Oct 84 pp 3-8

[Article by N. Inozemtsev, deputy chairman, USSR Gosplan: "Coordination of the National-Economic Plans of the CEMA Member Countries: New Problems and Tasks"]

[Text] The Economic Summit Conference of the CEMA Member Countries which took place in Moscow in June 1984 occupies a special place in the history of the economic cooperation among the countries in the socialist community. The conference demonstrated the unity and solidarity of the CEMA member countries, and their striving not only to reinforce and deepen the course that was taken toward the development of socialist economic integration, but also the desire to work out a common strategy for the economic development of the fraternal countries with a consideration of the new foreign and domestic conditions. As was noted by General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet, K. U. Chernenko, "there has been new confirmation of the commonality of the evaluations and views in the principal areas, and an expression of the collective will to continue to reinforce the unity and solidarity of the fraternal parties and states." ¹

The Economic Conference took a major step forward in coordinating the economic policy, and adopted very important documents that define the chief tasks of the planning, economic, and other agencies of the countries, as well as the CEMA agencies, in the area of economic cooperation for the long-term period.

At the present time, in all the CEMA member countries there has been an extension of the work of preparing the basic directions for social and economic development for 1986-1990 and for the period until 1995. The chief task, as was noted at the Conference, will consist in accelerating the changeover of the economy in our countries to the path of intensive development. This will require the carrying out of the thorough remodeling and technical re-equipping of the production potential that has been created, and the guaranteeing, on the basis of the broad use of the achievements of science and technology, of a sharp increase in the productivity of social labor, an economizing of labor and material resources in all spheres of economic activity, and the accelerated changeover to the resource-economizing path of development of our economies. "The new five-year plan," Comrade K. U. Chernenko pointed out, "must, first of all, become the beginning of profound qualitative changes in production, it must become the five-year plan of the

decisive turning point with regard to the intensification of all branches of our national economy." 2

The Soviet Union and the other CEMA countries are resolving these complicated problems together, and their complete economic interaction and economic cooperation have been converted into a mighty factor for the economic and social development of the countries in the socialist community, in which, on a collective basis, the large-scale economic problems in the formation of the national-economic complex of the fraternal countries are being resolved, and the reinforcement of the strategic positions of socialism throughout the world and our economic independence are guaranteed.

In this area, no small successes have been achieved. In the 1970's the rates of economic growth in the CEMA countries were almost double those in the developed capitalist countries; the national income increased, on the average for the ten-year period, by 66 percent; and the volume of gross output, by 84 percent. The reciprocal foreign-trade turnover increased from 33 billion rubles in 1970 to 112 billion in 1979, that is, more than tripled. Tremendous successes were achieved during those years in the area of raising people's standard of living. Suffice it to state that in the Soviet Union alone, 1.6 billion square meters of housing was constructed during the past 15 years.

Qualitatively important shifts in the dynamics of industrial production in the CEMA countries are occurring in the fulfillment of the current five-year plans. A greater and greater part of the increase in industrial and agricultural output has been the result of the labor-productivity increase that has been outstripping the planned computations, and also the result of the improvement of the indicators of the effectiveness of social production.

For the planning agencies of the CEMA member countries, a factor of fundamental importance is the unanimous resolution by the Conference participants to reinforce and develop the planned principles of economic cooperation. The Conference Declaration that was signed by the leaders of the communist and workers' parties in the CEMA countries states, "The Conference participants proceed from the assumption that the coordination of the national-economic plans will be concentrated on the resolution of the first-priority tasks and will be the chief instrument for coordinating economic policy in the areas linked with reciprocal cooperation..."³

The CEMA member countries have accumulated a tremendous amount of experience in the area of the coordination of the national-economic plans. The mechanism that has been worked out over a period of many years for coordinating the plans is operating reliably and it makes it possible to resolve major national-economic tasks. However, the strategy for economic cooperation which was collectively worked out by the Conference and which is based on the coordination of economic policy, requires a more improved mechanism for coordinating the plans. The coordination must be of a more comprehensive nature, must encompass more deeply and more completely the sphere of material production in the countries and the area of capital investments, and must be organically linked with the countries' national long-term plans. Under the new, changed conditions of reproduction that are linked primarily with the increased capital-intensity of the production of fuel, energy, and raw

materials and with the limited nature of the increase in the material, labor, and financial resources, the coordination of the plans has been called upon to guarantee not only the further deepening of the integration and economic interaction among the countries, but also to implement more completely the readiness of the interested countries to use jointly in their national and common interests the natural resources, and the material, labor, financial, and other resources. The major emphasis must be placed therefore on the coordination of the structural policy, which has been called upon to guarantee effective compensation -- which is necessary for the further development of the cooperation -- for the expenditures by the participants in the cooperation, both in monetary form and in physical form. That will contribute to the thoroughly internationalistic resolution of the major economic problems of the development of our socialist community.

The economic conference devoted a large amount of attention to problems of the acceleration of scientific-technical progress and adopted a decision concerning the working out of a Comprehensive Program for the Scientific-Technical Development of the CEMA Member Countries, which encompasses the period until the end of the present century. The conference also defined the first-priority directions for the development of technology in which the countries' chief efforts must be concentrated. They are electronics, the production of means of automation, including flexible automated systems, nuclear power engineering, the creation of new types of materials and technological schemes, and biotechnology. Unfortunately, until the present time, during the coordination of the five-year plans, the questions of scientific-technical progress were not worked out sufficiently thoroughly, and therefore the questions of cooperation in the area of material production and scientific-technical cooperation were sometimes resolved, as it were, along parallel courses of development and were not organically linked to one another. That is one of the reasons why the problems of the quality and technical level of the reciprocally delivered output were not given the proper attention.

At the present time, in all the CEMA countries, there is widespread work to coordinate the national-economic plans for the 1986-1990 period, and for individual problems until 1995 or for a longer period of time. The chief task and, at the same time, the chief peculiarity of this coordination of the plans consists in that already, in the forthcoming five-year plan, it will be necessary to begin to implement the decisions and understandings that were reached by the leaders of the parties and governments of the CEMA member countries at the Economic Conference. And that means that in the work of coordinating the plans for 1986-1990 the cooperation must be oriented at assuring that it exerts an active influence upon the intensification of the economy of the CEMA countries. The new stage in cooperation is characterized not so much by the buildup of its volumes, as by the qualitative changes in the reproduction process, by the resolution of such problems of common interest for all of us as the technical re-equipping of production, the efficient use of the created potential and resources, and the better satisfying of the workers' needs for high-quality commodities.

A factor of very great importance for the coordination that has begun on the plans for 1986-1990 is its initial base. The cooperation among the CEMA member countries over a period of many years has made it possible to satisfy the overwhelming majority of their needs for fuel and raw materials, machinery and equipment, and consumer goods, while guaranteeing the stability of their development. Our ties have taken on a large-scale nature and reflect the close intertwining and tremendous interdependence of our economies. Suffice it to state that the commodity turnover of the USSR with the European CEMA countries in this five-year plan will be 270-280 billion rubles. Despite considerable difficulties, the Soviet Union preserved the shipments to the countries in the community of the basic types of raw materials and fuel basically at the extremely high level of 1980, and for certain types (natural gas, electric energy) substantially surpassed that level. Thanks to several factors -- the steps taken promptly to increase the production and use of solid types of fuel in our countries; the development of national programs for the economizing of the fuel and energy resources; the coordinated plan for the construction of nuclear power stations and the production of equipment for them; the accelerated construction of the Soyuz [Union] Gas Pipeline; and the increase in shipments of electric energy from the USSR through the activated 750-kilovolt electrical transmission line -- the CEMA countries have succeeded largely in facilitating, in the current five-year plan, the resolution of the fuel and energy balance sheet problem and in carrying out the task of providing the energy support for progressive development of the national economy.

The Moscow Conference adopted exceptionally important decisions dealing with energy problems for the forthcoming five-year period of 1986-1990. They reflect the necessity for the more effective unification of efforts of the countries in the resolution of problems dealing with fuel, energy, and raw materials. Moreover, the chief instrument and the chief form of cooperation in this area is the coordination of capital investments and of a structural policy that most completely corresponds to the needs and capabilities of each country separately and the entire socialist community as a whole. It is precisely on this basis in the forthcoming five-year period that one should expect the more active participation of the CEMA countries in the implementation of the USSR Food Program, the Program for Providing the Population with High-Quality Manufactured Consumer Goods and Services, and the increase in the shipments to the Soviet Union of the output from entities in the chemical industry that require small amounts of energy, and from entities of special chemistry, but, most importantly, machinery and equipment with high technical-economic parameters that correspond to the highest world models.

The decisive role in the development of the integrational processes in the CEMA member countries is given to cooperative action and specialization in production in the branches of machine building. Today, as was noted at the Conference, questions of technical progress in machine building are taking on not only very important economic importance, but also political importance. It is precisely in the area of machine building that the center of gravity is shifting at the present time in the economic competition with capitalism. Specialization and cooperative action in the production of machinery and equipment in the CEMA member countries are the most dynamic source for increasing the socialist division of labor in our countries. The many years of

complicated work in this area has been yielding its positive results, especially wherever the specialization and cooperative action in production were carried out on a mutually advantageous, economically well-substantiated basis, wherever the recommendations for the reciprocal shipments of machine-building output evolved from the coordination of the plans in the interrelated branches of production and were the consequence of the efficient division of the production programs of the associations and enterprises.

This work requires the active participation primarily of branch ministries in the coordination of the plans. They must head the work of determining the specialization and cooperative action in production in the branches of the processing industry, must consider attentively and thoroughly the questions of the technological aspects, designing, and creation of new machinery and technological processes, and must carefully study the possible cooperative action and division of labor with the least costs for the partners.

The efforts of the branch ministries and scientific-production associations must be concentrated primarily on the first-priority directions in the development of machine building. These are the creation of new technological processes and machinery for light and food industry; for the complete processing and intactness of all types of raw materials and food supplies; for complexes of modern machinery and equipment for open-pit mining of minerals; for systems of machinery and equipment that reduce the application of manual labor both in industry and in agriculture and construction; for means of automating production processes; etc. The decision that was recently made in our country to create the economic conditions for increasing the self-interestedness of the ministries and departments in the broad development of international production cooperatives on the basis of direct ties opens up new opportunities for overcoming the technical and technological lag that has developed in certain branches, and makes it possible to guarantee the effective association of the efforts of the scientific-research and design organizations, to mobilize all the creative opportunities of our large cadres of machine-builders, and to act decisively to eliminate everything that gives rise to tendencies toward technical stagnation. Obviously, in our agreements dealing with specialization and cooperative action in production, it is necessary to concentrate efforts not on the reinforcement of the production of articles that have already been produced for a number of years, but, rather, the creation of new, progressive machines, equipment, and instruments and the acceleration of their production. It is especially important to do this now, under the new conditions of reproduction that have developed in our countries, and we must be ready to assure that in the forthcoming five-year period changes will be carried out in the structure and technical parameters of the reciprocal shipments of machinery and equipment.

In the current five-year plan, equipment, machinery, and instruments valued at almost 70 billion rubles will arrive in the Soviet Union from the CEMA countries. These shipments from the fraternal countries not only promote the rise in our country's production potential, and its renovation and modernization, but also guarantee the loading of the created machine-building capacities in the CEMA countries. Herein lies the essence of integration as a factor for accelerating our common development. However, the decisions of the Moscow Conference force us to think carefully about eliminating the existing

shortcomings in the work of achieving specialization and cooperative action in production and in the use of the available reserves in this area. It is necessary to declare a decisive struggle against creation in the CEMA countries of parallel, ineffective production entities on a low technical level, and against creation of capacities that produce machinery and equipment which do not reduce, but, rather, increase the number of work stations in our countries; which do not reduce, but, rather, aggravate the demand for raw materials, fuel, and energy. Our cooperation must be directed to a considerably greater degree toward the production of new technology, which guarantees resolution of very large-scale social and economic problems.

The joint implementation of the large-scale projects for cooperation in the area of material production requires a comprehensive approach that is intended for the prolonged period for coordination of the economic policy, and also requires similar conditions for resolving the problems of satisfying our countries' needs for food supplies, fuel, and raw materials, modern equipment, and consumer goods. The conference convincingly confirmed that these problems have taken on an international nature for the entire community of the CEMA member countries and that they can and must be resolved by the joint efforts of the interested countries. Therefore a factor that takes on primary importance in the work of coordinating the plans is the intensification of the economic effectiveness and mutually advantageous nature of cooperation on the basis of taking a more complete accounting of the interests of the participating countries, as well as the attainment of a balanced situation with regard to trade and payment relations. This is a very important prerequisite for the dynamic growth of the economic ties among our countries. Guided by this principle, the planning and economic agencies of our countries are obliged to take an approach to the coordination of the volumes, structure, and proportions of the reciprocal shipments of commodities for 1986-1990.

The preservation at a high level of the shipments of petroleum, petroleum products, and other scarce types of raw material to the fraternal countries will require the economy of the Soviet Union to expend considerable efforts and major one-time expenditures. Under these conditions, obviously, the Soviet side has the right to count on effective compensation for them. While experiencing a definite shortage of investment means for development the branches in Group B, the services sphere, and certain branches of machine building, we hope to be able, together with the other CEMA member countries, to carry out in the near future the necessary economic maneuver which will enable the Soviet Union to receive from the CEMA countries, in exchange for the fuel and raw materials deliveries to them, increasing volumes of output of equal economic significance, including food supplies, manufactured consumer goods, small-tonnage chemical and structural materials, and machine-building output with a high technical level. The objective prerequisites for this already exist. Many of the fraternal countries have a well-developed base for the production of high-grade output in machine building and consumer goods, and also have many years of traditions in this area and experienced cadres. The Soviet side has a self-interest in broader cooperation with organizations in the fraternal countries in the remodeling and modernization of a number of production entities in our country, including those in the light, food, and local industry and enterprises in the services sphere.

A factor that will be of great importance in the forthcoming five-year plan for our cooperation is the state of settlements and payment relations among our countries. When coordinating the plans for 1986-1990 we must be concerned not only about expanding the commodity turnover among our countries, but we must also guarantee the necessary state of balance in the settlements and payment relations for the entire long-term period. The consistent observance of the principle of maintaining a state of balance in our payment relations is, in our opinion, a necessary and mandatory condition that must be observed by all countries. While noting that circumstance, we must, in the course of the coordination, take into consideration the decision of the Conference to the effect that the CEMA member countries consider it to be their international duty to continue on the existing just basis the rendering of assistance to the Socialist Republic of Vietnam, the Republic of Cuba, and the Mongolian People's Republic in accelerating the development of their national economy and increasing its effectiveness.

In developing the basic directions for development of the national economy for the long-term view, USSR Gosplan proceeds from the instructions from the CPSU Central Committee and the Soviet government, to the effect that the deepening of economic interaction, the further rapprochement of the socialist countries, and economic integration are a very important natural law underlying our movement ahead along the path of developed socialism and communism.

FOOTNOTES

1. PRAVDA, 15 June 1984.
2. K. U. Chernenko, "Narod i partiya yediny. Izbrannye rechi i stat'i" [The People and the Party Are One: Selected Speeches and Articles], Moscow, Politizdat, 1984, p 418.
3. PRAVDA, 16 June 1984.

COPYRIGHT: Izdatel'stvo "Ekonomika". Planovoye khozyaystvo". 1984.

5075

CSO: 8144/0563

CEMA/EASTERN EUROPE

COOPERATION WITH GDR REVIEWED

Moscow FOREIGN TRADE in English No 10, 1984 pp 6-7

[Article by Ingrid Braatz]

[Text]

For many years the Soviet Union has held first place in the export of the people's foreign trade enterprise Textima-Export/Import. During the current five-year plan period the trade volume of Textima with Soviet foreign trade organizations will be 40 per cent greater than in the 1976-1980 plan period.

Accomplishing this target the Textima complex, which includes 43 industrial enterprises and the foreign trade enterprise, is helping fulfil the decisions of the 26th CPSU Congress aimed at increasing the USSR light industry output 18-20 per cent.

The new stage in fraternal relations between the GDR and USSR which began after the visit to the Soviet Union of the GDR party and state delegation headed by Erich Honecker in May 1983 and the further deepening of scientific and technical cooperation are making ever higher demands of the GDR's textile machinery manufacturing industry.

Besides raising traditional exports for the foreign trade enterprise Textima-Export/Import this means jointly solving with Soviet specialists pertinent matters concerning the Soviet

textile industry's reconstruction.

With this aim in view eleven inter-governmental and inter-departmental agreements have been signed, particularly, one providing for reconstruction of nine sewing factories in the USSR, the others are for rendering assistance in streamlining shoe-making factories, in creating facilities to process silk wastes, and also modernize factories manufacturing knitted gloves and textile haberdashery.

Here are some projects that are to be completed between 1984 and 1986. The Kapranov shoe-making factory of the Vostok production association in Moscow after reconstruction will turn out about three million pairs of children's boots and shoes a year. After the installation of new machinery the Moscow Zarya Svobody footwear factory and the Leningrad Skorokhod factory will have their annual productivity increased to 2.5 million pairs of slippers and other footwear and 3.3 million pairs of children's and men's boots and shoes respectively.

The contracts signed provide for

joint efforts in reconstructing three factories making men's street-clothes: the Clara Zetkin sewing associations (Yerevan), the Mashuk production association in Pyatigorsk and the Tashkent association honoured with the name 50th anniversary of the Uzbek SSR and Communist Party of Uzbekistan.

The same task is faced by the Krasny Vostok knitwear-glove-making factory in Moscow which, when reconstructed, will turn out 19.5 million pairs of knitted gloves a year, and the Moscow textile-haberdashery association, the production capacity of which will be increased up to 350 million running metres of elastic braid per annum. Agreements have also been concluded on the joint reconstruction of enterprises and expanding capacities manufacturing musical instruments, toys, children's perambulators.

On the basis of close cooperation between textile mechanical engineering enterprises and the textile industry of the GDR and USSR, Textima not only effects its traditional exports but also transfers samples of patterns and documentation for

models enabling the reconstructed enterprises to quickly start turning out new products.

The reconstruction of silk industry enterprises and improved production processes will incorporate new sections for processing wastes and making new quality articles for different uses, for instance, clothes-lines, packing cord, etc.

Rendering assistance in modernizing the USSR's light industry enterprises, the GDR carries out a whole complex of services: from shipment of equipment and assistance in its assembly to training personnel. Thus the GDR-USSR intergovernmental agreement on cooperation in building a thread-spinning factory includes not only the development of manufacturing technology, the design of the complete project, shipment of lightened metal structures, supply of production equipment, sending workers for assembly and commissioning, but also training specialists. An approximate work schedule has been fixed. To assist implementation of the agreement working groups have been set up for concluding the necessary contracts.

COPYRIGHT: "Vneshnyaya trgovlya" English translation, "Foreign Trade", 1984

CSO: 1812/81

CEMA/EASTERN EUROPE

COOPERATION WITH ROMANIA DISCUSSED

Moscow FOREIGN TRADE in English No 10, 1984 pp 10-11

[Article by Nikolai Mikhailenko]

[Text]

Soviet Union-Romania economic cooperation is being realized in line with the general deepening of the CMEA member-countries' economic ties as their economies and socialist economic integration develop. This was underlined during the visit of Nicolae Ceausescu, General Secretary of the Romanian Communist Party, President of the Socialist Republic of Romania, to the Soviet Union, June 1984. In his talks with K.U. Chernenko, General Secretary of the CPSU Central Committee, Chairman of the Presidium of the Supreme Soviet of the USSR, the main directions of economic, scientific and technical cooperation on a bilateral basis and within the CMEA framework were discussed. The leaders of the two fraternal countries want to see closer coordination of the USSR's and Romania's national economic plans, all-round development of production specialization and cooperation, and increased trade including the turnover of mutual deliveries of machinery, installations and equipment.

At present there are several dozens of Soviet-Romanian agreements on economic, scientific and technical cooperation, among them those on specialization and cooperation in production, on Romania's participation in constructing capacities in the USSR, on USSR deliveries of complete sets of equipment to Romania and rendering technical assistance in constructing industrial enterprises there, all of which are being realized.

The continuous trade growth is one pertinent indicator of expanding Soviet-Romanian economic ties. In

the 1970s the USSR-Romania trade turnover trebled, and in the current five-year plan period its annual volume is over 3,000 million rubles and still growing. In 1983 the share of the USSR constituted over 22 per cent of Romania's foreign trade.

The Soviet Union and Romania supply each other with equipment for the power industry, metallurgy, the oil extracting, petroleum-refining and chemical industries, with machine tools, agricultural machinery, ships, raw materials and consumer goods.

The Soviet Union is the main importer of Romania's engineering products. The share of machinery and equipment in Soviet imports from Romania in 1983 was nearly 39 per cent.

The possibilities of expanding industrial relations based on cooperation in constructing economic projects are being widely used. The practice of the last decade shows that it is their cooperation in creating new or reconstructing the existing capacities that helps them to more effectively use available resources.

The USSR has been supplying Romania with complete sets of equipment and rendering assistance in constructing and reconstructing industrial enterprises since 1948. With the USSR's technical assistance 127 of Romania's economic projects have been put into operation among which are: the Iron Gates hydro-electric power complex with an electric power station (capacity over one million kW), the Chiscani-Braila, Ludush, Bucharest-South, Mintia-Deva large thermal power stations, factories manufacturing ferro-alloys, synthetic rubber, high-voltage glass insulators and also metallurgical, chemical, petrochemical and pulp-and-paper complexes among others.

Romania produces a considerable portion of its requirements for power, coke, ferro-alloys, ball bearings, steel pipes, synthetic rubber and soda at the capacities created with Soviet organizations' participation.

Cooperation in constructing and up-dating capacities in the power industry, ferrous metallurgy, the chemical and pulp-and-paper industries and in other economic sectors continues.

Romania for several years now has been supplying equipment and materials for the joint construction of economic projects in the USSR. Thus, participation of Romanian organizations in constructing and putting

into operation enterprises manufacturing ferriferous raw materials and ferro-alloys, a cellulose factory and an asbestos complex assures the USSR's long-term stable deliveries of relevant industrial raw materials. Under the agreement on cooperation in constructing the South-Ukrainian atomic power station Romania will receive electricity also on a long-term basis. It is planned to organize bilateral cooperation in constructing new projects producing ferriferous raw materials and extracting natural gas in the USSR.

The further development of bilateral economic ties sets such tasks as arrangement of production, based on cooperation and specialization, of necessary (often in short supply) equipment and engineering articles.

Great stress is placed on developing specialization and cooperation in production as evidenced from a great number of bilateral and multilateral agreements.

Specialization and cooperation in production are very widely applied in mechanical engineering. Mutual deliveries of specialized products, in particular, metallurgical equipment, ships, tractors and agricultural machinery, oil-extracting equipment, machine tools, as well as equipment for the light and food industries, have already become traditional.

The share of mutual deliveries of specialized and cooperated products in the total trade volume is always increasing.

Elaboration and the signing of the Long-Term Programme and branch sub-programmes for the development of cooperation and specialization in production for the period up to 1990 greatly promote this form of cooperation. A characteristic feature of the branch sub-programmes is the fact that besides the list of mutually delivered items they determine the prospects of cooperation in a particular industrial sector.

Organization of specialized production of new types of machinery and components, raising the technical level and reduction of parallel manufacture of certain types of products, expansion of capacities manufacturing specialized and cooperated products, scientific and technical cooperation, introduction of new technological processes, standardization of items, cooperation in the sphere of licences and "know-how"—all is to various degrees reflected in branch subprogrammes and is a foundation for the further development of branch cooperation.

The sub-programmes furthering specialization and cooperation form the basis for a comprehensive and deep expansion of USSR-Romania cooperation in power engineering, in the chemical, oil, heavy and transport engineering industries, electrical engineering, shipbuilding, the machine-tool and instrument-making industries, tractor and agricultural machinery industry, machine building for the textile and light industries, the food industry, the instrument-making industry, automation means and control systems, electronic engineering, the chemical, oil-refining and petrochemical industries as well as in agriculture.

Under the branch sub-programmes in 1981-1983 the main share of mutual specialized goods deliveries fell to engineering products, metallurgical equipment and marine equipment, transformers, electric motors, farm machinery, etc.

The reached understandings and agreements on industrial and technical cooperation witness the increased possibilities of the USSR and Romania to expand their economic ties still further.

The USSR-Romania Intergovernmental Commission on Economic, Scientific and Technical Cooperation is of great importance for preparing and controlling realization of the agreed measures. At the meetings of the Commission the development of the two countries' economic relations in various economic spheres, particularly in industry, goods exchange and services, is regularly discussed.

The advantages of the international socialist division of labour are practically applied in the fulfilment of today's economic development tasks and enhance the expansion of industrial specialization in various economic sectors with account of a more rational and economical use of labour resources, raw and other materials, quicker creation and introduction of new technical means and technological processes, high technical achievements made in production and product quality.

Practical implementation of these tasks is assured in the perspective trends of Soviet-Romanian economic, scientific and technical cooperation. The work already in hand on coordination of USSR-Romania state plans for developing their national economies for 1986-1990 is precisely aimed at expanding and enriching interstate cooperation in the economic sphere. Coordi-

nation of these major cooperation trends is prompted by the need to raise the effectiveness of economic ties, accelerate trade development for the successful fulfilment of tasks set for the Soviet Union's and Romania's socio-economic development.

The Statement on the Main Directions of the Further Development and Deepening of the CMEA Countries' Economic, Scientific and Technical Cooperation adopted at the CMEA member-countries' Economic Conference at the summit level, June 1984, states that when coordinating economic plans the main trends of the countries' specialization in the international socialist division of labour, measures for increasing mutual deliveries of major goods, basic proportions and the structure of mutual trade turnover and industrial cooperation projects must be agreed first of all.

Realization of the summit understandings will more fully promote the progressive development of the CMEA member-countries' mutually beneficial economic cooperation and that of the Soviet Union and Romania.

COPYRIGHT: "Vneshnyaya trgovlya" English translation, "Foreign Trade", 1984

CSO: 1812/81

CEMA/EASTERN EUROPE

CONFERENCE: METHODOLOGICAL PROBLEMS OF LONG-TERM FORECASTING

Moscow VOPROSY EKONOMIKI in Russian No 10, Oct 84 (signed to press 4 Oct 84)
pp 151-152

[Article by V. Fal'tsman: "Methodological Problems of Long-Term Socio-Economic Forecasting"]

[Text] In June 1984 an international scientific seminar was held in Moscow in accordance with a plan of measures for multi-lateral cooperation among the academies of sciences of the socialist countries.

The report by Doctor of Economic Sciences Yu. Yaremenko (USSR Academy of Sciences TsEMI /Central Institute of Mathematical Economics/) noted that our country has accumulated considerable experience in drawing up medium- and long-range forecasts regarding the development of the national economy. In particular, regarding the combination of the traditional balance calculations with methods presupposing the use of mathematical-economic, primarily, econometric models. In the practice of forecasting there has been a substantial lessening in the importance of the various types of single-sector models as a tool for calculating the future. Models which take into account the influence of autonomous tendencies within the development of individual sectors and national economic complexes have become a special category of inter-sectorial constructs. Utilization of an integrated system of such models allows us to discover such factors of economic growth as the investment opportunities of the economy, its assurance of energy, its provision of labor resources, development of the infrastructure, the balance between the resources for consumption and monetary incomes, the change of trends which have taken shape in the agro-industrial complex.

The basic directions for future research in the field of socio-economic forecasting, the report emphasized, ought to be aimed at improving the methods for determining the influence of scientific and technical progress on the development of an economy, forecasting reproduction (particularly using investment, labor, and other resources of national economic growth), as well as the methodology of developing a general concept of social development.

Devoted to the methodological problems of forecasting intensification of the growth of a socialist economy, based on the use of the achievements of science and technology, were the reports by the Czechoslovak scientists: Corresponding Member of the CSSR Academy of Sciences F. Valenta, Doctor of Economic Sciences

M. Toms, Candidates of Economic Sciences M. Gayek, I. Boushka, and Yu. Kolek, Doctor of Economic Sciences A. Lash'yak, and Candidate of Economic Sciences P. Goffmann. (The last two reports contained an examination of the regional aspect of the problem of growth.) The PPR's experience in this field was reflected in the reports by Doctor of Economic Sciences W. Grudzewski and Candidate of Economic Sciences K. Roslanowska-Plichcinska, that of the USSR--in the reports by Candidate of Economic Sciences A. Gladyshevskiy, A. Nechayev, Ye. Rogovskiy, as well as in the presentations by Doctors of Economic Sciences D. Palterovich and V. Fal'tsman.

Forecasting the economic development of the CSSR has been directed at seeking out ways to overcome the existing dependence of the growth in the national income on the increase of raw-material and fuel-and-energy resources, at ensuring economic growth under the conditions of stagnation or even of the absolute lowering of resources coming in. Such a primarily intensive path of development constitutes a paradox from the viewpoint of the classical models of growth, in which the increase of the national income is a function of the increase of resources, while scientific and technical progress is accorded the role of a residual factor.

At the present time in the USSR a three-phase, iterative schematic has been adopted for forecasting the development of the national economy, taking into account the factors of scientific and technical progress. In the first phase forecasts are made of upcoming change in equipment and technology. The autonomous scientific and technical forecasts are summed up in the sectorial technical and economic forecasts, and the latter are synthesized with the aid of models of the inter-sectorial-balance type.

Within the USSR Academy of Sciences TsENI a system of models has been created which is based on a static, multi-sectorial model of inter-sectorial interactions, consisting of econometric levels of inter-sectorial flows and the flows forming the elements of the end product. By proceeding from the results of solving these levels, calculations are made of the principal coefficients of the outlays, and this allows us to formulate the hypotheses of scientific and technical progress corresponding to each prognosis position. A detailed natural-cost variant of the given model is implemented in the form of individual units.

Of definite interest for interpreting the results of variant forecasts being made with the help of the above-cited models is the typology of the process of intensification, as developed in the CSSR; it established the quantitative boundaries between seven transitional zones, ranging from the extensive to the intensive type of development.

Technical, investment, and structural policy must be based on the technical level of production and the production apparatus. The report of the Polish delegation proposes that the measurement of the technical level be carried out on the basis of comparing the appropriate indicators with the highest level achieved in industrially developed countries. During the course of the discussion with regard to this problem it was noted that, together with international comparisons for evaluating the technical level, it is necessary to proceed from the actual demands of the national economy of a given country.

The problems of reproducing and utilizing investment resources were elucidated in the reports by Academician of the Hungarian Academy of Sciences I. Berend, Candidate of Economic Sciences G. Minasyan (PRB), D. Palterovich (Institute of Economics of the USSR Academy of Sciences), V. Fal'tsman and Candidate of Economic Sciences G. Sychev (USSR Academy of Sciences TsENI). G. Minasyan's report was devoted to checking out the hypothesis of the limited possibilities of accumulation for the formation of economic growth. The other reports emphasized the importance of such investment factors of economic growth as speeding up the renewal of fixed capital and retooling the national economy. Of decisive importance for the economic growth rates at the present-day stage of development of the HPR, USSR, and several other socialist countries is not so much the possibilities of increasing the volumes of capital investments as it is of improving the reproductive, technological, and sectorial structures of the capital investments and optimizing their quality.

One of the foremost places among the problems of forecasting the reproduction of investment resources is measurement of the motivation of investment activity. It manifests itself in a lowering of the portion of capital investments which ensures an increase in production output, while at the same time increasing that portion of it which is aimed at economizing on labor, energy, materials, and at environmental-protection measures. As a result, there is an increase in the unit cost of capacity being introduced. Increasing the costs of capacities being introduced also occurs as a result of the increase in wages in the sectors of the investment complex and defects in price formation. Therefore, one of the most important analytical prerequisites for the forecast calculations of the necessary growth of capital investments is the division of the results of the process of increasing costs into individual comparable ones, having diverse economic natures.

It is important that the forecasts reflect the qualitative heterogeneity of the investment resources. The differing quality of the resources used in various sectors, the differences in the technical levels of machinery and equipment, as well as construction plans, signify an incomplete comparability of the investment ruble among the various different sectors.

The report by Candidate of Economic Sciences D. Walter (GDR) undertook an attempt at modeling the cause-and-effect links between the increase in education of employees in the national economy and the dynamism of its effectiveness. Research was conducted on the basis of data from 130 combines in the GDR with the aid of the production function. The principal conclusion was that differences in wages exert a stronger influence on labor productivity (the net product per employee) than do differences in qualifications.

Devoted to the methodological problems involved in forecasting the socialist way of life and the rise in its level were the reports by Doctor of Economic Sciences G. Kovach and F. Bankhidi (HPR), Candidate of Economic Sciences N. Kirichenko, V. Konstantinov, and A. Shokhin (USSR). In Hungary these problems are being studied within the framework of the Commission for Research on the Future under the jurisdiction of the HPR Academy of Sciences. The distinguishing characteristic of these studies is their large time frame (35--40 years), as well as their conceptual and comprehensive nature, encompassing a wide range of questions concerning the inter-relationships between nature and society, scientific and technical workers and social development. In the medium- and long-range forecasts considerable space is accorded to the balance of the

population's free time, the reduction of physical labor of the monotonous kind. Studied here are the possibilities of reorganizing labor activity so that uncreative labor may not be the lot of individuals throughout their life for all their working time.

In the USSR a system of models for forecasting national prosperity has basically taken shape. It includes modeling the dynamics of the volume and structure of the consumer budget, individual consumption and expenditures of the population, resources for consumption and non-production-type construction, incomes, non-production-type capital investments, and the service field. Along with econometric models, extensive use is made of normative models (particularly in forming optimal consumer budgets). Further development of these methods proceeds along the path of differentiating consumption forecasting depending upon the social status of the consumer, on the level of his material well-being (as compared to the per-capita income), and on regional characteristics. As a result, the possibility has manifested itself of creating a wide-ranging system of coefficients of elasticity for various levels of differentiation. Such a system is the foundation for working out a compiled, multi-measure matrix of differentiated calculations.

As a result of the discussion, it was deemed feasible to continue during the 12th Five-Year Plan the work of the group entitled "Methodological and Methods-Type Principles of Socio-Economic Forecasting for the Long-Term Future," as well as to finish up joint studies on working out methods-type recommendations.

COPYRIGHT: Izdatel'stvo "Pravda". "Voprosy ekonomiki". 1984.

2384

CSO: 1825/29

CEMA/EASTERN EUROPE

CEMA JOINT INVESTMENT ASSISTANCE

Moscow VOPROSY EKONOMIKI in Russian No 10, Oct 84 (Signed to press 4 Oct 84)
pp 90-98

[Article by O. Il'in: "Investment Cooperation among the CEMA Member Countries and the Formation of National Economic Structures"]

[Text] The economic conference of the CEMA member countries at the highest level (1984) marked the transition to a qualitatively new phase in the interactions among the economies of the fraternal countries. It specified long-term, directions for economic cooperation and mutual aid, encompassing the period to the end of the present century. The most important tasks of the CEMA member countries in the field of the economy and mutual cooperation at the present-day stage, as was noted at the Conference, are the speeded-up the conversion of the economy to an intensive path of development, increasing effectiveness by means of improving the structure of social production, and a more rational deployment of production forces. In order to successfully implement these tasks, a new step has been taken in the matter of coordinating economic policy by the CEMA member countries, working out on a group basis ways of solving major economic problems, direct mutual cooperation in the sphere of science, technology, material production, and capital construction.

The objective necessity for carrying out the measures which have been outlined have been conditioned by the development of the socialist international division of labor, which increasingly links the CEMA countries together into an integrated, interacting economic organism, facilitating the formation of interwoven and mutually supplementary national economic structures. This process constitutes a dynamic change in accordance with the international and national interests of the economic structure, the achievement of an optimal proportionality, within which the goal of production is implemented in the most rational, economical method, taking into account the advantages of the international division of labor.

The implementation of progressive shifts in the national economic structures at the present-day stage presupposes the improvement of international, inter-sectorial, and intra-sectorial proportions, outstripping the development of the sectors and determining scientific and technical progress. Particular attention herein is paid to the accelerated growth of consumer goods, the sectors of the production and socio-everyday infrastructure. Structural shifts reflect the dynamics of economic, social, political, and ideological processes. By relying on a knowledge of objective economic laws, the fraternal Communist and workers'

parties are perfecting the scientifically grounded strategy of economic and political development, thereby creating genuine prerequisites for the formation and development of a coordinated structural policy for the CEMA countries.

An important trend in cooperation, exerting an increasingly substantial influence on the formation and improvement of national economic structures, is the cooperation of the socialist countries in the field of capital construction; this constitutes a well-planned integration of scientific and technical, labor, and financial resources for the expanded reproduction of fixed capital during the course of implementing the national and international investment programs. In the course of such reciprocal actions the cooperating countries obtain additional possibilities for successfully solving economic problems, increasing the effectiveness of social production, making gains in time, and speeding up the progress of science and technology.¹

Under the conditions of a socialist world economy cooperation in the given sphere has been developing adequately for socialist international production relations. Based on the principles of socialist internationalism, mutual advantage, and fraternal mutual aid, it facilitates a more successful formation of stable and economically feasible international reproduction proportions, the development of highly effective, national economic structures, strengthening ties in the leading sectors of production, science, and technology, the gradual drawing together and evening out of the levels of development of the fraternal countries, and a steady growth in the productivity of social labor.

In the world socialist economy the influence of investment interaction on improving international proportions and national economic structures is regulated by objective economic laws. Their conscious utilization on the basis of the prevailing socialist ownership of the means of production is one of the most important advantages of effective socialist management.

In accordance with this, investment cooperation is being directed, to an ever-increasing degree, at implementing the tasks of the fullest and most harmonious satisfaction of the peoples' material and spiritual needs, and combining national-state and international interests. The production forces which are formed during the course of the investment interaction on the new, qualitatively higher international level are called upon to facilitate the successful implementation of the goals of the socio-economic development of the national economies on an equitable basis, which harmoniously combines national and international interests.

The social trend of structural policy presupposes the drawing together of the developmental levels of sub-divisions 1 and 2 within the broad utilization of the advantages of the international division of labor. The national processes of optimizing the ratio of accumulation and consumption, stemming from taking into account the growing attention to satisfying socio-economic needs obviously require, in a number of cases, a curtailment of the proportion of accumulation. Under these conditions investment interaction, like extra-economic ties as a whole, can and should play the role of a unique compensator facilitating the keeping up and speeding up of the economic growth rate of the countries in the economic community.

Investment cooperation is being used more and more actively for the gradual interweaving of national economic structures, the development of specialization and

cooperation, the elimination of duplication in creating production capacities and individual types of products. The observance of good planning and proportionality in the investment interaction is becoming increasingly important under the conditions of intensively developing economic ties, since the violation of good planning in the investments spheres of some countries causes impediments in the reproduction processes of other countries.

Investment cooperation, proceeding from the need to ensure the interests of the individual countries as well as the entire community, is being implemented to an ever-increasing degree based on the principles of equal advantage and the subordination to its tasks of the optimization of national economic structures, which facilitates the achievement of the greatest results with the least possible expenditures. The importance of this is constantly increasing in connection with the development and increase in the proportional weight of investment interaction in the formation of national income, as well as the growth of the substantial savings in live and embodied labor being used in the given sphere.

In order to strengthen the influence of investment interaction on the formation of progressive national economic structures, a mechanism of price formation and cost-accounting relations has developed in this sphere. During the course of providing credit and reciprocal calculations it is proposed that there be a "cleaning" of prices from the influence of business-type oscillations of the capitalist market and monopoly prices, along with a further improvement in price formation, currency-finance, and credit relations.

In characterizing the over-all tendencies of the formation and development of investment interaction and its influence on improving national economic structures, it should be noted that in preparing specific solutions of a regional nature, great importance also attaches to the historical traits of the development of certain countries, the specifics of their structural policy, the volume of accumulation funds, and investment possibilities. In connection with this, the tasks of industrializing the national economy and evening out the levels of economic development are solved by taking into account optimization of the sectorial structure, with a maximal utilization of the natural-historical and economic prerequisites, favoring the development of specific sectors of industry.

For socialist countries whose economies have a predominance of industry and a high proportion of sectors producing the means of production the task of optimizing the national economic structure is, to a large extent, connected with its improvement on the basis of deepening, differentiation, and specialization in order to increase the specific proportion of the most progressive sectors and production lines, and raise the level of the national economic balance. Thus, Hungary is characterized by a simultaneous deepening of sectorial specialization and an improvement of the national economic complex which has taken shape by means of creating a number of new sectors. The country's structural policy is aimed at developing labor-consuming rather than material- and energy-consuming sectors. Export specialization is being strengthened. Directed into export are 80 percent of the buses, 60 percent of the pharmaceutical goods, and 50 percent of the aluminum industry's output.

Investment interaction with the USSR in the field of non-ferrous metallurgy has allowed Hungary to avoid large outlays for building capacities for producing

energy-consuming aluminum, to economize on electric power, which is in short supply in the country, and, at the same time, to create large-scale production of rolled aluminum and semi-finished products. With the technical assistance of the USSR a new alumina plant was built at Ayka in Hungary. Cooperation helps to fill in these and other gaps in the technological cycles. For example, caustic soda is necessary in order to produce alumina. Filling in this gap by means of constructing capacities for producing soda has, to a considerable extent, increased the effectiveness of Hungary's aluminum industry.

Development of investment interaction has also been determined, to a large extent, by the mutual adoption of territorial administrative structures. This mutual adoption has manifested itself in the shifts of production forces in the direction of the common borders between the CEMA countries. Along the western borders of the USSR extremely important production capacities have been created and included within the system of the international socialist division of labor. Stemming from the needs of the adjoining states, construction has been begun on thermal and nuclear electric-power plants, basically intended for export, in Western Ukraine, as well as iron-ore mining and enriching combines in the regions of Krivoy Rog and the Kursk Magnetic Anomaly, for developing potassium fertilizers in Soligorsk (Belorussia), and other chemical and machine-building enterprises. Analogous shifts in the deployment of production forces in the direction of borders with the Soviet Union, as well as common borders among themselves, are also taking place in Czechoslovakia, Hungary, and Poland.

To a large extent, the mutual adaptation of territorial structures has been facilitated by the implementation of transport investment programs by joint efforts, in particular, the construction of the Druzhba Petroleum Pipeline. High-capacity petrochemical facilities have been developed along its right-of-way in Plock (PPR), Schwedt (GDR), Bratislava (CSSR), and in Sazkha'bambatt (HPR).

Joint, large-scale investment programs of the fraternal socialist countries have been aimed at creating new industrial centers such as the Kiyembayevskiy Asbestos Combine in Kazakhstan, the Ust'-Ilimsk Timber-Processing Complex on the Angara, the copper-molybdenum combine in Erdenete (Mongolia), the nickel combine in Cuba, and others.

Cuba is solving the problem of forming a highly effective industrial structure of its national economy on the basis of specifics and the traits of its own economic development which have taken shape. The Program of the Communist Party of Cuba provides for a concentration of efforts on developing, in the first place, those sectors of agriculture and industry for which there are favorable natural conditions. An important place in the structural policy is devoted to sectors of the agro-industrial complex, the sugar industry, the production of certain types of machinery, including sugar-harvesting combines, the development of the light industrial sectors, the construction base, transport, and electric-power engineering. The principal sector of export specialization is the production of nickel-containing raw material.

In accordance with the specifics of Cuba's structural policy, its investment interaction with other socialist countries is also developing. In particular, with the aid of the Soviet Union more than 100 sugar mills have been modernized in Cuba, and this has permitted a 20-percent increase in the capacity of processing sugarcane. During the current five-year plan alone aid will be rendered in

building 11 large mills with a total capacity of approximately 1 million tons of raw sugar per harvest. A fruit of the joint creative work on the part of Soviet and Cuban specialists was the creation of the KTP-1 combine for harvesting sugarcane and the construction of a plant to produce it in Holguin.

With the aid of the USSR during the years 1976--1980 modernization was carried out on 5 textile mills; this allowed their capacities to be increased to 43 million square meters of cloth per year. During the current five-year plan work will be completed on two new textile enterprises--the Balans Cotton-Spinning Mill in Havana with a capacity of 15,000 tons of thread per year, and the textile combine in Santiago de Cuba with a capacity of 80 million square meters of cloth and 2,000 tons of thread per year.

The modernization with the aid of the USSR of the nickel enterprises in Moa and Nicaro, the construction of a combine in Punta Gorda, as well as construction, with the participation of the PRB, HPR, GDR, SRR, and CSSR, of an integrated facility in Las Camariocas, having a productivity of 30,000 tons of nickel-containing output per year, will allow a significant increase in nickel production. Thus, Cuba will become one of the largest producers of this product. An important role in the development of Cuba's economy is played by the construction, with the help of the USSR, of a nuclear power plant in Cienfuegos with a capacity of 850 MW.

Consequently, investment interaction is determined, to a large extent, by the necessity of solving these or other structural problems of the economic development of individual countries. At the same time, improving the investment sphere, the forms and methods of investment cooperation exert a retroactive, ever-more considerable influence on the expansion of its use for forming progressive national economic structures. If in the early phases of forming investment interaction it existed primarily in the form of bilateral ties and was conducted by means of bilateral ties and was carried out by means of exerting the Soviet Union's technical aid, later there was an increase in the stream of exchange of investment services, long-term crediting began to be used more actively, and the practice of granting reciprocal credits was expanded. The most favorable conditions for the influence of investment interaction on the formation of progressive national economic structures took shape during the integration period of cooperation, with the beginning of the implementation of the Comprehensive Program of Socialist Economic Integration, the harmonization of the five-year plans for multilateral, integrational measures, and long-term, targeted programs in the most important sectors of the national economy. At this stage in the course of investment interaction there takes place a unification along with financial, material, and labor resources.

The integrational period of investment interaction has come to encompass, in large measure, all the stages of reproduction of fixed capital: planning, designing, the exchange of the results of research and development, the direct construction and productive use of newly introduced capacities. The dynamic nature of the development of investment interaction during this period is testified to by the growth of exports (more than quadrupled in comparison with the 1960's) from the Soviet Union to the socialist countries of the equipment and materials of complete enterprises (in millions of rubles; in export prices)*:

Table 1*

Items	1961--1965	1966--1970	1971--1975	1976--1980
Socialist countries --in all	1,262.1	2,212.2	3,075.8	6,924.0
CEMA member countries	985.2	1,841.9	2,508.6	6,306.7
Bulgaria	371.5	652.5	754.9	1,254.2
Hungary	74.4	67.3	120.8	431.6
Vietnam	97.9	152.5	103.5	397.8
GDR	57.2	182.2	355.4	392.0
Cuba	112.1	245.3	220.7	1,080.9
Mongolia	126.4	339.2	525.2	1,553.3
Poland	86.9	145.7	258.6	668.8
Romania	117.3	178.6	193.9	214.8
CSSR	39.7	31.0	79.1	313.2

* Source: "Postroyeno pri ekonomicheskom i tekhnicheskoy sodeystvii Sovetskogo Soyuzu" [Built with the Economic and Technical Cooperation of the Soviet Union], Izdatel'stvo "Mezhdunarodnyye otnosheniya", 1982, p 33.

Facilities built with the technical cooperation of the USSR constitute a significant portion of the national industry of the fraternal countries. Thus, in the People's Republic of Bulgaria these enterprises produce about 1.6 million tons of cast iron, which comprises 100 percent of its production in the country, 2.6 million tons of steel (98 percent), 1.5 million tons of soda ash [commercial anhydrous sodium carbonate] (100 percent), 55 percent of the total volume of the chemical industry, and 80 percent of the petroleum-refining and petrochemical industry. The capacities which have been created in the Hungarian People's Republic with the cooperation of the USSR provide the entire output of the hot-rolled and cold-rolled sheet steel and metallurgical coke produced in the country, 30 percent of the alumina, 58 percent of the aluminum sheet alloy, 35 percent of the nitrogenous fertilizers, and 70 percent of the petroleum refining. Enterprises created with the help of the USSR in the Socialist Republic of Vietnam exert a determining influence on the economy's development. They turn out 39 percent of the electric power, 80 percent of the coal mined, 100 percent of the apatites, super-phosphate, cutting tools, and 97 percent of the metal-cutting machine tools.

The concentration of national and additionally acquired materials, financial, and labor resources carried out during the course of investment interaction has facilitated, to a great extent, such a re-structuring of the national economic structures, when the problems of drawing closer together and evening out the levels of the economic development of the countries of the socialist community are being solved most successfully. This process is reflected in closing the gap between the lowest levels of the basic indicators and the higher rate of development of the leading sectors of heavy industry, raising the growth rate of the sectors of the processing industry in comparison with the extractive industry. Comparison of the data testifies to the dynamic changes in the development of the economy of the fraternal countries of socialism. Indicative here are the data on

the growth of production volumes of gross industrial output in the CEFA countries (1950 = 1) (See Table 2).

Table 2*

Countries	1960	1970	1980	1983
Bulgaria	4.0	12.0	24.0	27.0
Hungary	2.7	5.2	8.4	8.9
GDR	2.9	5.4	9.3	10.0
Mongolia	2.8	7.1	17.0	22.0
Poland	3.2	7.1	15.0	14.0
Romania	3.4	11.0	33.0	36.0
USSR	3.0	6.9	12.0	14.0
Czechoslovakia	2.7	4.9	8.5	8.9

* "Narodnoye khozyaystvo SSSR v 1980 g." [The National Economy of the USSR in 1980], Izdatel'stvo "Finansy i statistika", 1981, p 63; "SSSR v tsifrakh 1983 g." [The USSR in 1983 Figures], Izdatel'stvo "Finansy i statistika", 1984, p 54.

It may be seen from the cited data that the most dynamic industrial growth was in Bulgaria and Romania, where it was carried out primarily in sectors determining scientific and technical progress--in machine building, electrical engineering and electronics, as well as the chemical industry. During the last 20 years the output of machine building and metalworking in Bulgaria grew 15-fold, in Romania--19-fold, in Poland--9-fold, in the USSR--8-fold, while in Czechoslovakia and the GDR it quadrupled.

Under present-day conditions the influence of investment interaction on the formation of the national economic structures is conditioned by a number of characteristics which predetermine the prospects for its further development, mainly by a sharp reduction in the supplies of cheap energy, raw materials, the influx of manpower, increasing outlays for modernizing the production apparatus, the development of science, and the conversion of agriculture to an industrial basis. Characteristic for the 1970's and 1980's is the slow-down of the growth rate of capital investments in connection with the high level of production accumulations, a considerable expansion of the front of capital construction, and an incomplete utilization of the created production capacities.

The rigid proportions and inter-relations between sectors and production facilities which have taken shape have become a definite brake upon further development. The modern-day technical level, large-scale nature, and sectorial characteristics of the created production capacities have predetermined a limited mobility for the production structure which has taken shape. But this, in turn, leads to the well-known investment tie-up and a quality of inertia. During the last few years a serious influence has been exerted on limiting the mobility of the structure of capital investments by such factors as the enlarges scale of big, long-term investments, the prolonged length of time of the reproductive cycle of fixed capital, the scope of unfinished construction, the territorial and departmental attachment of construction-and-installation organizations and centers for the making of structural components. All of this has an effect on slowing down the dynamics of structural shifts and requires additional efforts to

overcome the forces which are operating in the direction of retaining the sectorial structure which has taken shape.

Along with the internal, national economic problems outlined here, greater attention must be paid to improving the mechanism of international economic cooperation, primarily of the economic mechanism of investment interaction, strengthening the reciprocal ties between domestic and foreign prices, currency-finance and credit relations, the commodity fulfillment of the credits being granted, the establishment of interest rates, and price formation on investment services.²

Moreover, in solving the outlined problems within the socialist community there are great possibilities, in particular, the further intensification of the influence of investment interaction on improving the national economic structures. Under present-day conditions and, obviously, for the immediate future, it will receive new qualitative development. Its essence lies in not only facilitating the formation of the industrially developed structures of social production but also, to a large degree, to aid in the optimization, in the comprehensive, balanced development both of individual national economies as well as the entire socialist community as a whole. Without excluding the priority of long-term cooperation in the leading development of the economy's progressive sectors, investment interaction must increasingly encompass the remaining sectors of the national economy, make more extensive use of the possibilities accumulated in the world socialist community with respect to the formation of such proportions in developing sub-divisions 1 and 2, which would facilitate, to a greater degree, the satisfaction of the public demands for consumer goods.

As a result of a coordinated investment policy, additional possibilities would appear for carrying out progressive structural shifts at a faster rate; these shifts presuppose substantial deviations from the usual aggregate structure of expanded reproduction. Such deviations allow for the creation of prerequisites for increasing the growth rates in sectors which directly satisfy the demands of the population and draw the growth rates of sub-divisions 1 and 2 closer together. This drawing closer together on the basis of a more intensive investment interaction is possible along the following two lines. First, by means of more active use of investment interaction for improving the structure of sub-division 1, primarily the development of those sectors which, to a considerable degree, determine the growth of social production, and, second, by means of further deepening investment interaction in developing the sectors and production facilities of sub-division 2, including agriculture as the fundamental raw-material base of the food industry and other sectors producing consumer goods.

The practical implementation of strategic tasks in the sphere of investment interaction is directed at developing the international division of labor, at specialization and cooperation in forming mutually complementary, national economic structures. An example of such an approach is the use of investment interaction for the coordinated improvement of inter-sectorial structures of the national economic complexes of the fraternal countries, taking into account the reserves of energy and raw-material resources both for individual countries as well as for their various regions. Proceeding from this, in countries having considerable reserves of energy resources at their disposal energy-intensive chemical production facilities are created for producing ammonia, methanol, polyethylene, while in countries with small energy capacities facilities are created for producing items requiring less energy consumption, such as epoxy resins, paints and dyes.

Reciprocal deliveries of products can reach a state of equilibrium, utilizing the principle of equal capital investments in the development of corresponding production lines. Such an approach facilitates a more rational distribution of productive forces within the socialist community, the well-planned elimination of unjustified duplication in creating capacities in the principal sectors of the national economy. Cooperation and mutually coordinated development allow us to more effectively carry out a structural manoeuvre for supporting the necessary, optimal correspondence of the material technical base to the steadily growing and dynamically changing public demands.

Another important trend is the development of specialization and cooperation in creating production lines and manufacturing products of the machine-building complex of the CEFA countries. Already at the present time the following can be characterized as stable forms of specialization: the PRB in the production and export of electrical-engineering and hoisting-transport equipment, as well as tractors; the HPR--communications and vacuum equipment; the GDR--machine tools and forge-press, electrical engineering, metallurgical, and mining equipment, as well as equipment for the light and food industries; the SRR--petroleum industrial equipment and tractors; the USSR--machine tools, energy-engineering, mining, and metallurgical equipment; the CSSR--machine tools, forge-press, mining, and metallurgical equipment, machinery for the light and food industries.

Of particular importance in solving energy-engineering problems is the implementation of the Agreement adopted by the 33rd CEFA Session (1979) concerning multi-lateral, international specialization and cooperation in the production and reciprocal deliveries of AES [nuclear power station] equipment for the 1981--1990 period. Taking part in the production of such equipment and its delivery are approximately 50 industrial associations and enterprises of 8 countries, including such plants as Atomash (USSR), Skoda (CSSR), the heavy machine-building combine in Magdeburg (GDR), the Khimmash Hungarian Association, the Zeman Polish Association, and others. During the period indicated more than 140 types of sets and equipment systems will be produced; the output of power units for AES's will be mastered with an integrated capacity of 1 million kW-hrs. Large-scale specialization is taking shape, for example, between the USSR and the CSSR. In Czechoslovakia 1/3 of all capital investments in heavy machine building is being earmarked for the creation of a major production-engineering center for nuclear machine building. Specialization with regard to producing AES equipment, calculated to satisfy the needs of all the CEFA countries in creating prior to 1990 the capacity to produce approximately 250 billion kW-hrs. of electric power per year will permit an annual savings of roughly 70 million tons of standard fuel.

While developing an object-oriented specialization in producing investment-type, machine-building products, the possibilities for and effectiveness of which are comparatively limited, increasingly greater attention must be accorded to specialization by units and parts, i.e., to developing specialization on the micro-level. Deserving particular attention in connection with this is upgrading the quality and competitive ability of equipment being produced on the basis of specialization and cooperation.

The third important trend is the development of specialization and cooperation of their own construction complexes by the fraternal countries of socialism. Further development ought to be achieved by the specialization of construction complexes as follows: the GDR and the HPR in building electric-power engineering

projects, the PRB--leather plants and refrigerators, the HPR--installations of hospital-type and UKV (ultrashort wave) equipment, the GDR--communications and transport facilities, the HPR, GDR, and PPR--complete units of telephone installations.

Increasingly broader development is being attained by specialization in the production of equipment for the construction-materials industry, in accordance with which the USSR has specialized in manufacturing equipment for producing asbestos-cement items, keramzit gravel and sand, pressure-type and non-pressure-type pipes, and other kinds of reinforced-concrete items for housing construction. In turn, the PRB has specialized in producing equipment for cutting and adjusting reinforcement, the HPR--in producing calcining units for lime, as well as complete sets of equipment for producing pre-stressed reinforced-concrete railroad ties, the GDR--in producing equipment for manufacturing items made of compact silicate concrete, precast reinforced concrete, the cassette-type production of panels, and the PPR--equipment for producing mineral wool and items made of it. Thus, the construction complexes of the fraternal countries are becoming more and more inter-connected and mutually complementary, which will obviously lead in the future to the creation of an integrated, international, socialist investment complex within the scope of which the economy of each country acquires a specific profile, answering both the domestic conditions as well as the needs of the socialist community.

Proceeding from the characteristics of the economic development of the CEMA member countries, the prospects for investment interaction presuppose the intensification of its structure-forming role, as a factor in optimizing national economic structures, facilitating the combination of the comprehensive development of the individual countries with the possibilities of deepening the specialization of the national complexes, and strengthening the mutually complementary and balanced nature of the economy. In the process of forming and implementing the policy of structural improvement under the conditions of deepening socialist economic integration, in order to more successfully solve socio-economic problems, there will be an increase in the proportion of the joint plans for building or modernizing facilities in all sectors of the national economy.

As practical experience has shown, one of the principal trends of investment cooperation has become the construction of facilities which ensure the reduction of the proportion of energy- and material-consuming production lines and technologies, the creation of enterprises engaged in the second and third "tiers" of processing and refining the derived products of metal, petroleum, and other types of raw materials. In our opinion, it is important to expand investment interaction, primarily in the sectors of machine building, ensuring the speeded-up production of equipment for open-pit mining of minerals, main pipelines, the full mechanization of certain types of agricultural operations, for the food industry, the mechanization of manual labor, particularly in construction.

In the fuel-and-energy industry investment interaction is feasible in the development of high-capacity power-engineering complexes, in the joint construction of nuclear power stations on an integrated basis, the fuller utilization of hydro-electric-power resources by means of joint construction and their operation in border regions. Based on the existing energy-raw-material sources, further development could be attained by the investment cooperation of the countries concerned in the joint construction of such energy-intensive and material-intensive

production lines in metallurgy, chemistry, petrochemistry, timber, and paper-and-pulp industries. Increasingly wider dissemination will obviously be attained by the joint construction of large-scale territorial industrial complexes, which could include, along with facilities of electric-power engineering, machine building, and the extracting sectors, enterprises of the light and food industries, as well as social-everyday, and cultural types.

An urgent necessity is investment interaction in developing an international infrastructure, ensuring great interdependence among the national economic complexes, in particular, by means of the development of international energy and transport systems. It must be assumed that there will be further specialization of the fraternal countries' own investment complexes in building facilities of increased complexity, specialization in working out and producing output in investment machine building, construction machinery, equipment, and materials, the creation of highly effective, specialized bases of the construction industry, presupposing a broad exchange, as well as further development of exchange in the area of planning, rendering aid in training staffs of highly skilled specialists.

Implementation of the programs of investment cooperation among the CEMA countries requires a further harmonization of investment policy, strengthening its trend toward ensuring a quality of balance and proportionality, optimizing the economic growth rate by means of a specific restraint on the growth of new investments and limitations placed on fronts of capital construction. At the same time investment policy should be aimed, in an increasingly large measure, at implementing the so-called intensive capital investments, those which do not require large-scale resources and funds, presupposing a concentration of efforts on finishing up construction projects previously begun, carrying out modest-sized and rapid-yield capital investments, abandoning unprofitable ones, and concentrating funds on the development of production facilities with good prospects.

To an ever-greater extent, investment policy must take into account the need to strengthen the above-outlined positive tendencies in the field of utilizing capital investments which are characterized by a gradual reduction in the volumes of unfinished construction, an increase in the proportion of investments in modernization and renovation of production facilities, a reduction of the time periods required for construction, and a speeding up of the putting of production capacities into operation.

The program documents of the Economic Conference of the CEMA member countries at the highest level have created a solid foundation for broadening and deepening investment interaction and, even more so, its trend toward solving the problems of further economic progress, profound qualitative shifts in the material-technical base, founded on speeding up scientific and technical progress, intensifying and increasing the effectiveness of social production.

All this will facilitate the successful solution of an urgent task--to turn the next two five-year plans into five-year plans of intensive development of production and scientific and technical cooperation, the successful implementation on this basis of the harmonized structural policy of the CEMA countries.

FOOTNOTES

1. Forming the basis for studying the influence of investment interaction on the development of social production are the many years of research in the field of capital investments by a number of Soviet economists: Academician T. S. Khachaturov, Doctor of Economic Sciences V. P. Krasovskiy, Doctor of Economic Sciences S. A. Kheyman, and others. An in-depth analysis of the integrationist processes and the effectiveness of foreign economic ties is given in the works of Academician O. T. Bogomolov, Corresponding Member of the USSR Academy of Sciences Yu. S. Shirayev, Doctor of Economic Sciences O. K. Rybakov, Academician G. Kol'maya (GDR), Doctor of Economic Sciences T. Angelov (PRB), Doctor of Economic Sciences T. (Kishsh)(HPR), and others.
2. All the problems listed here are urgent and represent objects of independent study. They are quite fully reflected, for example, in V. P. Karavayev's book, "Integratsiya i investitsii: problemy sotrudnichestva stran SEV" [Integration and Investments: Problems of Cooperation among the CEMA Countries], Izdatel'stvo "Nauka", 1979.

COPYRIGHT: Izdatel'stvo "Pravda". "Voprosy ekonomiki". 1984

2384

CSO: 1825/29

THE MIDDLE EAST

TRADE, COOPERATION WITH TURKEY DISCUSSED

Moscow FOREIGN TRADE in English No 12, Dec 84 p 45

[Text]

The Soviet-Turkish Joint Intergovernmental Commission on Economic Cooperation held its seventh meeting in Ankara, late June-early July 1984. The Commission considered a wide range of questions concerning mutually advantageous economic cooperation and trade, the implementation of Soviet-Turkish intergovernmental agreements on economic and technical cooperation and protocols of the Commission's previous meetings. Prospects for furthering cooperation were discussed, especially in ferrous and non-ferrous metallurgy, the power, oil-refining and chemical industries, house building, irrigation.

While discussing the fulfilment of mutual obligations in practice the sides pointed out that the Soviet organizations had completed the delivery of equipment for expanding the Iskenderun iron-and-steel works' capacity up to two million tons of steel a year.

Soviet-Turkish cooperation in the oil-refining and chemical industries is developing successfully. The parties were pleased to note that shipments of equipment and materials had been completed for raising the Aliaga (near Izmir) oil refinery's productive capacity from five to ten million tons of oil per annum, for the Bandirma hydrogen peroxide works (annual capacity 15,000 tons), and the Mersin factory (28,000 tons of sodium bichromate and 8,000 tons of sodium sulphide a year), the latter had its trial run last July.

The sides expressed their satisfaction with the completion of the construction, on a parity basis, of a hydro-scheme on the border river Akhuryan having a reservoir capable of storing 525 million cubic meters of water. At the meeting the sides signed a contract on working out technical and economic substantiations for the further expansion of the Iskenderun iron-and-steel works. The sides

also studied the possibility of the Soviet Union rendering assistance in organizing the production of rails at the works. The delegations also considered a possible expansion, with Soviet assistance, of the electrolysis complex's capacities (from 60,000 to 90,000 tons of aluminium per annum) at the Seydisehir aluminium factory, which was also constructed with Soviet assistance.

Much attention at the meeting was devoted to furthering trade relations and increasing trade turnover between the USSR and Turkey. The parties placed on record the great importance of a contract, signed on June 19, 1984, on the additional transfer of 600 million kWh of electricity per annum from the USSR to Turkey over a ten-year term. The Commission supported a study on the possibilities of developing coastal trade.

To develop trade and economic cooperation between the Soviet Union and Turkey on a considerable scale and also to promote scientific and technical relations the sides agreed to start preparing a draft of a Long-Term Programme of such cooperation on an equal, balanced, stable and mutually beneficial basis.

The Soviet delegation was led by Ya. P. Ryabov, Chairman of the Soviet part of the Commission, and A. Kurtjebe Alptemochin, Turkish Minister of State, Chairman of the Turkish part of the Commission, was the head of the Turkish delegation.

The meeting resulted in signing a Protocol which expressed the sides' constant efforts aimed at promoting and strengthening equal and mutually advantageous cooperation in trade and economy on a stable and long-term basis in the interests of peace and stronger good-neighbourliness between the USSR and Turkey.

During his stay Ya. P. Ryabov met T. Ozal, Turkey's Prime Minister, K. Erdem, Deputy Prime Minister, other state officials and Turkish businessmen.

• • •

The Trade Protocol signed between the USSR and the Republic of Turkey for 1985 envisages a 100 per cent increase of trade between the two countries. The Soviet Union will supply Turkey with different machines and equipment, oil and oil products, electricity, liquid ammonia, mineral fertilizers, cellulose as well as other goods. Turkey will ship cotton, olive oil, citrus fruits, hazel-nut kernels, beans, malt, live-stock, tobacco, mineral raw materials, chemicals, industrial consumer goods to the USSR.

The parties also concluded a long-term agreement on shipments of natural gas from the USSR to Turkey under which up to 6,000 million cubic metres of gas will be delivered annually to Turkey during 25 years, starting from 1987.

The documents were signed: for the Soviet side by N. D. Komarov, head of the Soviet governmental trade delegation, First Deputy Minister of Foreign Trade, and for the Turkish side—by E. Pakdemirli, Minister of State, Counsellor of the Prime Minister on Treasury Matters and Foreign Trade.

The Soviet delegation was received by Turkey's Prime Minister T. Ozal and had talks with Turkish officials. Both sides spoke for promoting trade and economic relations between the two countries, at the same time accentuating the important role which the signed documents should play.

COPYRIGHT: "Vneshnyaya trgovlya," 1984 English Translation, "Foreign Trade", 1984

CSO: 1812/98

WESTERN EUROPE

NEW FINNISH TRADE PROTOCOL DISCUSSED

Moscow FOREIGN TRADE in English No 12, Dec 84 pp 7-10

[Article by Alexei Manzhulo, USSR deputy minister of foreign trade]

[Text]

An Agreement on Trade and Payments between the USSR and Finland for 1986-1990 was signed in Moscow, September 1984, by N.S. Patolichev, USSR Foreign Trade Minister, and J. Laine, Minister of Foreign Trade of Finland.

The Soviet Union-Finland relations based on friendship, mutual confidence and fruitful cooperation are a vivid example of the implemented Leninist policy of peaceful coexistence between states with different social systems. Soviet-Finnish good-neighbourliness is reliably assured by the Treaty on Friendship, Cooperation and Mutual Assistance of 1948, which has been prolonged up to the year 2000. On its basis all-round Soviet-Finnish cooperation is successfully progressing.

The prospects of USSR-Finland trade and economic ties for the period up to 1995 are specified in the Long-Term Programme for the Development and Deepening of Trade, Economic, Industrial, Scientific and Technical Cooperation and the Protocol thereto of November 12, 1980.

The traditional practice of our countries leaders' personal contacts are of great importance for perfecting Soviet-Finnish relations. The recent visit of K. Sorsa, Prime Minister of Finland, to the Soviet Union, September 1984, greatly contributed to the development of mutually beneficial good-neighbourly relations.

In the course of meetings and talks between K.U. Chernenko, General Secretary of the CPSU Central Committee, Chairman of the Presidium of the Supreme Soviet of the USSR, and N.A. Tikhonov,

Chairman of the Council of Ministers of the USSR, with K. Sorsa, Prime Minister of Finland, great stress was placed on the prospects of the two countries' trade and economic cooperation.

The high level of development of mutual trade meets the interests and requirements of the USSR and Finland's economies, strengthens the material foundation of good-neighbourliness and cooperation. Noticeable positive results have been achieved in trade. The Soviet Union has been Finland's largest trade partner since 1974, its share being 26 per cent in Finland's foreign trade. In its turn, Finland has, since 1980, been occupying second place in the USSR's trade with Western countries.

During the first three years of the current five-year agreement the annual trade turnover approximates 5,000 million rubles and on the whole over the five-year period the trade turnover is expected to reach 25,000 million rubles, which substantially surpasses the planned figures envisaged in the Long-Term Programme for these years (18,000 to 20,000 million rubles).

Soviet-Finnish trade and economic cooperation is not limited to mutual deliveries of goods needed for the two countries' economies. New forms of cooperation such as cooperation in production and joint construction of projects in Finland and the USSR are successfully progressing.

Over the years of cooperation the Soviet Union built a number of projects in Finland which are of great significance for Finland's economy. Among them are: the Raahe iron-and-steel works, the largest in the North European countries, now turning out 60 per cent of the country's pig iron, steel and rolled metal; two stages of the Loviisa atomic power station producing nearly 30 per cent of Finland's electric energy; a gas pipeline delivering Soviet gas.

Finnish firms' participation in building projects in the Soviet Union began with the construction of small hydro-electric stations and hotels. Today Finnish firms actively participate in constructing the Kostomuksha ore-dressing and the Svetogorsk pulp-and-paper complexes, transport projects, enterprises for the food and light industries. On the whole during the five-year period (1981-1985) the volume of Finnish firms' services in construction will double as compared to the previous five-year plan period and exceed 1,000 million rubles.

Development of cooperation in production and specialization is a promising trend of USSR-Finland trade and economic cooperation. It is a substantial reserve for expanding mutual trade, an important mechanism for technical improvement and raising the economic effectiveness of production in the two countries on the basis of broader use of the advantages of the international division of labour and exchange of the latest "know-how." Soviet organizations and Finnish firms have already gained considerable experience in realizing this form of cooperation. At present over 50 agreements on cooperation in production and protocols of intent are in force and more than 80 draft proposals on cooperation under elaboration. The largest of them are: an atomic ice-breaker, special freight cars, industrial robots and flexible manufacturing systems, electronic automatic telephone exchanges and equipment for exploiting the sea shelf.

A Protocol on Cooperation in Agriculture and Manufacture of Foodstuffs up to 1990 signed in June 1983 is promoting Soviet-Finnish trade and economic cooperation. Realization of this document will assist the USSR Food Programme considerably.

The signing of an Agreement on Trade and Payments for 1986-1990, September 25, 1984, was an important step towards the further expansion of USSR-Finland trade and economic relations.

As the Soviet-Finnish Communiqué on the results of the visit of K. Sorsa, Prime Minister of Finland, to the Soviet Union points out, the signing of this document more than one year before the period of a new agreement reflects the confidence and endeavours being made to continue economic cooperation on a stable and long-term basis, so characteristic of the two countries' relations.

The Soviet-Finnish trade turnover in 1986-1990 can well reach 28,000 million rubles, i.e. the mutual trade is to grow by 17 per cent above the planned figure envisaged in the Long-Term Programme for this period (22,000-24,000 million rubles) and by 12 per cent over the expected trade turnover in the current five-year plan period (25,000 million rubles). Thus the new five-year trade agreement assures stable trade growth in the next five-year period.

Structure of Soviet-Finnish Trade in the Current Decade
(as a percentage of the total)

	1981-1985 (expected)	1986-1990 (as per Agreement)
USSR's Export to Finland	100.0	100.0
including:		
Machinery and equipment	4.4	8.5
Solid fuel	3.6	3.2
Oil and petroleum products	76.0	69.7
including:		
Oil	56.9	49.6
Natural gas	3.2	5.2
Ferrous and non-ferrous metals	1.7	2.2
Chemical products	1.6	1.8
Timber	2.5	3.1
Other products	7.0	6.3
USSR's Import from Finland	100.0	100.0
including:		
Machinery and equipment	21.5	24.3
Ships	18.5	21.0
Chemical products	4.1	3.3
Timber and paper goods	18.6	16.8
Agricultural produce	4.9	4.9
Consumer goods	8.3	7.9
Construction of projects in the USSR	9.0	9.0
Other goods	15.1	12.8

The share of machinery and equipment as well as the portion of natural gas and timber in the USSR's export to Finland in the next five-year period will increase mostly due to the wide development of cooperation in production. That of energy carriers will fall somewhat while the physical volume of their deliveries will remain the same.

In the USSR's import from Finland the proportion of machinery, equipment and ships will grow. On the whole the structure of Finland's export will remain the same which meets Finland's interests as expressed in the course of talks on the Agreement on Trade and Payments for 1986-1990.

The Agreement envisages enhanced Soviet export to Finland up to 14,000 million rubles against 12,500 million rubles expected in the current five-year period. Oil and petroleum products whose deliveries will remain at the last years' level constitute the foundation of Soviet

export and Soviet-Finnish trade in its entirety as specified in the Long-Term Programme of Cooperation. The export growth is assured due to increased deliveries of machinery and equipment, natural gas, timber, a number of chemical products and non-ferrous metallurgy products.

The USSR's machinery and equipment export to Finland will more than double (up to 250 million rubles per year) mainly because of the export of Soviet subassemblies and components for machines and equipment bought from Finland. Deliveries of motor vehicles, tractors, metal-cutting machine tools, lifting and conveying facilities, power equipment, computer and marine equipment are to be augmented.

Under the agreement on basic terms of increasing Soviet natural gas deliveries signed between Sojuzgazexport and the joint-stock company Neste its export will double in the next five-year period reaching 7,700 million cu.m.

The non-ferrous metallurgy products export to Finland will shoot up by almost 100 million rubles during the five-year period, and the shipments of copper, lead and aluminium will be much greater.

Over the five-year period, chemical products deliveries will increase by approximately 60 million rubles. The export of methanol, toluene and some other goods is to be increased above that envisaged in the present agreement.

The new trade agreement plans a new joint project, timber-felling in the Soviet Union with the participation of Finnish firms. For this purpose timber-felling machinery and forestry machines are to be purchased from Finland and their cost repaid by additional deliveries of saw log and pulp-wood to Finland. Realization of this project will substantially raise Soviet timber export.

In the course of talks on the new five-year trade agreement the question of increasing and diversifying Soviet export was the main one. As a result of Soviet and Finnish organizations' and firms' active work the range of Soviet goods export to Finland has been extended. The Agreement includes a number of goods which previously were not exported to Finland. Among them: raw natural petrol, gas condensate, scrap, non-ferrous metal wastes and a number of chemical products.

Owing to the growth of Soviet export to Finland in the next five-year period the new Agreement envisages increased goods and services deliveries from Finland. The volumes of Finland's deliveries to the USSR were determined taking the requirements of the two countries' economies into account. The structure of Finland's export to the USSR in general will not change.

Deliveries of machinery, equipment and ships during the five-year period will be worth over 6,000 million rubles. Finland will continue exporting its traditional mechanical engineering products such as equipment for the forestry, woodworking and pulp-and-paper industries, lifting and conveying facilities, power, electronic and communication equipment.

The Agreement envisages import of ships and marine equipment worth 2,600-3,000 million rubles, more than expected in the current five-year period. The Soviet Union will import technically sophisticated ships meeting the latest shipbuilding standards. These are ships for exploring and developing resources of northern seas' continental shelf, tankers, lighters and research ships. In the next five-year plan period an atomic ice-breaker will be built, the result of Soviet and Finnish designers, engineers and shipbuilders joint work.

On the whole the delivery volumes of Finnish traditional exports such as cable products, products of the pulp-and-paper industry, consumer goods and agricultural produce will remain as they were.

Wide cooperation in production between Soviet organizations and Finnish firms will be a characteristic feature of the new five-year plan period. This form of cooperation was registered in the intergovernmental document for the first time in the practice of USSR trade and economic relations with advanced capitalist countries. Article 3 of the Agreement states: "To expand mutual deliveries of machinery, equipment and other goods and increase their export to third countries' markets the Sides shall promote further development of cooperation in production between Soviet organizations and Finnish firms." The Sides preliminary worked out and selected for realization nearly 40 specific projects for cooperation in production in various mechanical engineering sectors. Mutual goods deliveries to be undertaken under these projects are included in the export-import lists for 1986-1990.

Among the projects for cooperation in production four of them, constituting over 75 per cent of the total volume of mutual cooperated goods deliveries, are very large.

They concern joint manufacture of electronic automatic telephone exchanges, special freight cars, flexible manufacturing systems based on Soviet processing centres and robots, and automated systems for agrochemical soil analysis.

In the 1986-1990 period, cooperated deliveries will amount to: Soviet export—400-500 million rubles and Soviet import—up to 1,500 million rubles.

The joint construction of industrial and other projects in the two countries is a promising trend of the USSR-Finland economic ties which is to be continued in the next five-year period.

A good base for developing this form of cooperation has been created. A contract between Tyazhpromexport and the firm Rautaruukki on construction of a coke-oven battery (470,000 tons of coke per year) at the Raahe iron-and-steel works was signed. Talks on continuation of construction of a gas pipeline in Finland are under way. Realization of this joint project will create good prerequisites for increasing Soviet natural gas export to Finland. The Soviet Union is ready to participate in constructing a new atomic power station, heat-and-power plants and other projects in Finland as envisaged in the Long-Term Programme of Soviet-Finnish cooperation.

For the first time in practice of concluding five-year trade agreements the volume of Finnish firms' services in constructing projects in the Soviet Union was estimated as 1,200 million rubles. Construction of the Novotallinsky port and the Svetogorsk pulp-and-paper complex will continue. A contract on the Vyborg pulp-and-paper factory was signed in September 1984. Talks on constructing new projects in various industrial sectors are under way.

Border trade on a goods exchange basis will be furthered in the next five-year period. The range of supplied goods will be expanded and new forms of cooperation applied.

The meeting of the Political Bureau of the CPSU Central Committee, October 4, 1984, when discussing the results of the official visit of K. Sorsa, Prime Minister of Finland, to the Soviet Union pointed out that the signing of the Agreement on Trade and Payments for 1986-1990 was another concrete manifestation of the successful development of Soviet-Finnish cooperation.

The course aimed at the all-round strengthening and development of the USSR-Finland good-neighbourly relations based on a Treaty of Friendship, Cooperation and Mutual Assistance will still remain an important direction in the Soviet Union's foreign policy.

Addressing Finnish TV viewers on the 40th anniversary of signing the Armistice Agreement with Finland, K.U. Chernenko, General Secretary of the CPSU Central Committee, Chairman of the Presidium of the Supreme Soviet of the USSR, said: "Together we have accumulated an invaluable asset of friendship and mutually beneficial cooperation. May this wealth created jointly by our countries in the course of many-years' work, of an honest and equitable dialogue, continue to multiply in the future too. I am convinced that the world community would stand many times over to gain if relations between all states were built in the same spirit."

COPYRIGHT: "Vneshnyaya trgovlya," 1984
English translation, "Foreign Trade", 1984

CSO: 1812/98

WESTERN EUROPE

BRIEFS

FINNISH TRADE PROTOCOL SIGNED--The protocol for the mutual delivery of goods between the USSR and Finland in 1985 was signed in Moscow. A total volume of trade of 5 billion rubles is envisioned. The USSR remains in first place in foreign trade with Finland, while Finland occupies the position of the USSR's leading trade partner among Western countries. A distinctive feature of Soviet-Finnish trade for 1985 is the mutual delivery of machine technology on the basis of agreements on industrial cooperation between Soviet organizations and Finnish firms. The protocol calls for an increase in mutual deliveries of a number of traditional and new goods, broadening of the variety of goods traded and deliveries for facilities being built in Finland with Soviet technical aid. As a whole, during the period covered by the current trade agreement between the USSR and Finland for 1981-1985, the volume of mutual trade will exceed 25 billion rubles, which considerably exceeds the turnover initially anticipated. The protocol was signed by the Minister of Foreign Trade N. S. Patolichev and the Finnish Minister of Foreign Trade J. Laine. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 52, Dec 84 p 19]

CSO: 1825/42

GENERAL

MEETING OF U.S.-USSR TRADE AND ECONOMIC COUNCIL REVIEWED

Moscow FOREIGN TRADE in English No 10, 1984 pp 12-14

[Article by Vladimir Sushkov, deputy foreign trade minister of the USSR under the rubric: "The Annual Meeting of the US-USSR Trade and Economic Council"]

[Text]

In May 1984 New York was the venue of the 8th meeting of the US-USSR Trade and Economic Council, a joint body of business circles comprising at present 230 US corporations and over 100 Soviet organizations and enterprises.

On the American side nearly 300 leading businessmen from 150 companies and associations participated in the meeting, among them: W. Verity (Armco Inc.), D. Rockefeller, D. Kendall (Pepsico), E. Dodd (Owens Illinois), D. Tendler (Phibro-Salomon), R. Malott (FMC), D. Andreas (ADM), J. Murphy (Dresser Industries), D. Keough (Coca-Cola Co.), R. Lundeen (Dow Chemical), J. Petty (Marine Midland Bank), L. Lehr (3 M Co.), W. Stiritz (Ralston Purina Co.), R. Mahoney (Monsanto), A. Trowbridge (National Association of Manufacturers), R. Leshner (US Chamber of Commerce).

The Soviet delegation included executives of the USSR Foreign Trade Ministry, the USSR State Planning Committee, the USSR State Committee for Science and Technology, the USSR State Bank, the USSR Chamber of Commerce and Industry, the USSR Foreign Trade Bank, VAO Intourist and foreign trade associations.

Also participating in the work of the Council were: on the Soviet side A. F. Dobrynin, USSR Ambassador to the USA, and on the American side—representatives from the US administration.

K.U. Chernenko, General Secretary of the CPSU Central Committee, Chairman of the Presidium of the USSR Supreme Soviet, sent an address greeting the participants of the meeting which, in particular, pointed out the Soviet Union's readiness to develop trade and economic relations with all countries including the USA based on equality and

mutual benefit without discrimination. The meeting's participants highly appraised K.U. Chernenko's greeting which to a great extent promoted its constructive atmosphere.

The US President also sent a message in which he expressed the US administration's desire to maintain the two countries' mutually advantageous trade in "non-strategic goods."

This meeting by the composition of its participants, their level, the scales of the measures undertaken, the character of exchanged opinions and the broadness of problems discussed can be considered as an important event in the relations between the US business circles and Soviet organizations.

The meeting proceeded in a cordial, businesslike atmosphere enabling USSR-US trade and the trends of its development to be all-roundly discussed.

In line with the programme of work of the annual meeting the plenary sessions were preceded by meetings of Executive Committee of the US-USSR Trade and Economic Council and the Board of Directors as well as its six functional committees:

- a Committee on New Forms of Economic Cooperation (jointly chaired by: E. Dodd, Chairman of the Board of Directors of the company Owens Illinois, and P.V. Mikheyev, Head of the Main Department of the USSR Foreign Trade Ministry);

- a Committee for Small and Medium Firms (A. Murrer, Chairman of the Board of Directors of the Gleason Works firm, and G.S. Shchukin, General Director of Prommashimport);

- a Finance Committee (J. Petty, Chairman of the Board of Directors of the Marine Midland Bank, and V.A. Pekshev, Deputy Chairman, State Bank of the USSR);

- a Committee for Science and Technology (W. Stiritz, Chairman of the Board of Directors of the company Ralston Purina, and A.S. Voskoboy, Chief of the Main Department of the USSR Committee for Science and Technology);

- a Legal Committee (P. Pettibone, representative from the firm Lord Day and Lord, and O.V. Kozhevnikov, Head of the Treaties and Legal Department of the USSR Foreign Trade Ministry);

- a Tourism Committee (J. Linen, President, Travel Services of the firm American Express, and V.F. Viontsek, Deputy Chairman of VAO Intourist).

A point of note is that the sessions of the Committee for Science and Technology and Finance Committee were resumed after an almost five-year break.

The sessions of the committees were of great interest for

the participants of the meeting. It is worth mentioning that the session of the Committee of Small and Medium Firms alone had a great number of participants; over 100 American businessmen took part.

The agenda of plenary meetings along with routine organizational and other matters included such reports as:

The present state of USSR-US Trade and the Council's tasks (co-chairmen of the US-USSR Trade and Economic Council: W. Verity and V.N. Sushkov);

The USSR's economy and the current five-year plan period (N.N. Inozemtsev);

Why US-USSR trade is necessary (J. Kreps);

Present trade possibilities: counterpurchases—a new approach. The role of export trade companies;

The service sector in USSR-US business relations.

The latter two were considered in the form of group discussions: chairmen E. Dodd (Chairman of the Board of Directors, Owens Illinois Inc.), P.V. Mikheyev (Head of the Main Department of the USSR Ministry of Foreign Trade); J. Petty (Chairman of the Marine Midland Bank) and Ye. P. Pitovranov (Chairman of the Presidium of the USSR Chamber of Commerce and Industry).

The main objective of the programme of the Council's plenary sessions was to promote all-round discussion of various aspects of USSR-US trade relations and problems facing them.

The Soviet side's position as to trade and economic relations with the USA was presented in detail in the report delivered by V.N. Sushkov, Soviet Co-Chairman of the US-USSR Trade and Economic Council, and also in the speeches made by A.F. Dobrynin, USSR Ambassador to the USA, Ye. P. Pitovranov (Chairman of the Presidium of the USSR Chamber of Commerce and Industry), O.Ye. Cherkezia (Deputy Chairman of the Council of Ministers of the Georgian SSR), N.V. Zinoviev (Head of the Department of the USSR Foreign Trade Ministry) and other USSR officials. They stressed the Soviet side's consistent course aimed at the development of business relations with the USA based on equality, non-discrimination and mutual benefit. The importance of mutual efforts to search for ways of developing bilateral cooperation was pointed out. At the same time it was stated that USSR-US trade could reach considerable volumes provided the legal obstacles set in its way by the USA were eliminated and the two countries' trade and economic relations normalized. The USSR's representatives proved the hopelessness of the policy of the so-called "sanctions and restrictions" and harm caused by this policy to the prestige of US companies on the world market and prospects of their cooperation with Soviet

organizations, using specific examples of Soviet-American relations.

The participants' attention was drawn to the problems of US export control and "non-annulment" of contracts. It was underlined that unless the American side positively solved these questions it was hardly possible to expect any expansion of trade between the two countries. On the contrary, US companies will lose their positions on the Soviet market.

Great stress was placed on increasing Soviet goods export to the US market as an important factor for the development of mutual trade, especially now that the US export to the USSR substantially exceeds its import.

On the American side, after Co-Chairman W. Verity's report, the meeting heard businessmen E. Dodd (Owens Illinois), H. Seidman (Philip Brothers Inc.), J. Petty (Marine Midland Bank), J. Spero (American Express), Y. Evonsky (General Electric Co.), G. Cloney (the US Chamber of Commerce) etc. Representatives from the US administration C. Brown (First Deputy Secretary, US Department of Commerce), R. Lyng (First Deputy Secretary, US Department of Agriculture), J. Kreps, former US Secretary of Commerce and Honourable Director of the US-USSR Trade and Economic Council, and R. Palmer, Deputy Assistant Secretary of State, also spoke at the meeting.

US businessmen's speeches at the meeting were of a constructive nature. The speakers expressed concern with the situation formed in Soviet-US trade and the US businessmen's lost positions on the Soviet market. W. Verity and other participants of the meeting stressed the need for taking special measures aimed at developing the two countries' trade and economic relations as an important stimulus for improving the general climate of USSR-US relations. Former US Secretary of Commerce J. Kreps declared that while the temperature of the political climate was cooling and that of rhetoric warming up, the activity of the Council reminded of the need for the USA and the USSR to maintain relations. Today trade is one of the few forces operating in this direction. US businessmen, participants in the meeting, were unambiguously in favour of developing trade and rather critical about US trade legislation.

Representatives of the US administration participating in the meeting could not give reasonable answers to the US businessmen's questions regarding the "non-strategic goods" concept. The non-clarity of this concept still leaves US companies' possibilities hazy from the point of view of export legislation.

The final document—a general resolution of the US-USSR Trade and Economic Council's meeting, based on

the results of the exchange of the opinions in the course of this annual discussions, was adopted. The resolution, in particular, points out that the main efforts of USSR and US business circles must be concentrated on restoring confidence, on observing basic principles and norms of international trade in order to create a stable and favourable foundation for developing and normalizing the two countries' trade relations.

The whole complex of the Council's activity, its role and prestige among business circles, was considered in this light. A draft project of the Council's operative plan for 1984-1985 prepared by the US side of the Council was discussed. It specifies the Council's long-term goals and short-term tasks as well as specific ways and means of their accomplishment.

Among the recommended directions of the Council's activity special place is given to organization of exhibitions and seminars.

Taking into account the recommendations given in the operative plan the Council's Executive Committee adopted resolutions in line with which the Council, in cooperation with the USSR Chamber of Commerce and Industry, is entrusted with the organization and holding of:

- a US exhibition of machinery and equipment for extracting and refining oil, gas and other energy carriers as well as equipment for environmental protection to be held in Moscow, October-November 1985;

- exhibition of Soviet science and technology in the USA, 1986.

A number of the programme's organizational questions were discussed. Measures were undertaken to strengthen the US side of the Council by introducing several active businessmen to the Board of Directors and Executive Committee. Two deputy co-chairmen, D. Andreas (Chairman of the ADM Board of Directors) and J. Murphy (Chairman of the Board of Directors of Dresser Industries) were elected to the American side. From mid-July, 1984, D. Andreas took over W. Verity's duties as co-chairman of the US side of the US-USSR Trade and Economic Council.

On the 1st of June 1984 J. Giffen, former Vice-President of the firm Armco Inc., a man well informed about the problems of USSR-US trade and economic relations, was appointed new President of the Council.

The new staff of the Council's Board of Directors and working bodies was also approved. It was decided to hold the next, the 9th annual meeting of the US-USSR Trade and Economic Council in Moscow in 1985. The specific date of this meeting is yet to be fixed.

An important part of the programme of the Soviet delegation's visit to the USA were business meetings with representatives of the US administration and firms participating in the US-USSR Trade and Economic Council.

The Soviet delegation had talks in Washington with officials of the US administration and Congress, among them: M. Baldrige, Secretary of Commerce, J. Block, Secretary of Agriculture, R. McFarlane, Deputy Assistant to the US President for National Security Affairs, senators R. Doll, R. Lugar, J. Heinz, D. Boren, congressmen Hamilton, Conable and other US officials. In the course of these talks a wide scope of questions of bilateral trade and economic relations, particularly, US export control, was discussed. The Americans' attention was drawn to questions on regulations of Soviet vessels' entry to US ports and the need to lift the ban on Aeroflot flights to the USA.

The US side suggested that the question on prolonging the long-term agreement on promotion of economic, industrial and technical cooperation be considered. This question was considered and the agreement was prolonged for the next decade by the exchange of notes through the usual diplomatic channels.

Members of the Soviet delegation had numerous individual and group business meetings with US companies participating in the US-USSR Trade and Economic Council including Armeo Inc., Owens Illinois, Dresser Industries, ADM, Du Pont, Monsanto, Dow Chemical, Occidental Petroleum, Motors Trading, General Electric, NL Industries, Gleason Works, Moorman, Kon Agra, Phibro Salomon, 3 M, FMC, John Deere and Co., International Harvester, Corning Glass, etc.

Meetings were held also with executives of a number of US banks such as: Chase Manhattan Bank, Marine Midland Bank, Manufacturing Hanover Trust, Bankers Trust, etc. Of interest was a talk with P. Volker, Chairman of the US Reserve System.

During the visit of the Soviet delegation to the USA contracts were concluded with such firms as Dow Chemical, Dayco Corp., Philip Brothers, Tennoit, Rotek, Satra Corp. etc. The total cost of goods under the contracts approximated 30 million dollars.

Talks were completed and an agreement signed on granting 50 million dollars of bank credit to the USSR Foreign Trade Bank by the US First National Bank of Chicago.

Scientific and technical cooperation agreements were signed with a number of firms. The members of the Soviet delegation acquainted themselves with the latest US industry's advancements in the sphere of direct iron recovery,

coal gasification, certain aspects of power engineering including petrochemistry and chemistry, manufacture of cellulose and synthetic rubber, etc."

The 8th annual meeting of the US-USSR Trade and Economic Council was useful for USSR-US trade and economic relations. The general tone, business and constructive atmosphere of the meeting convincingly witness the intention of business circles to continue their efforts aimed at developing Soviet-American trade and quickly eliminating artificial obstacles and restrictions hindering it.

COPYRIGHT: "Vneshnyaya trgovlya" English translation, "Foreign Trade", 1984

CSO: 1812/81

GENERAL

DECREE ON PENALTIES FOR VIOLATING USSR SEA ECONOMIC ZONE

Moscow VEDOMOSTI VERKHOVNOGO SOVETA SOYUZA SOVETSKIKH SOTSIALISTICHESKIKH RESPUBLIK in Russian No 46, 14 Nov 84 pp 851-853

[Decree No 809 of the USSR Supreme Soviet Presidium "On the Procedure for the Application of Articles 19 and 21 of the Ukase of the USSR Supreme Soviet Presidium 'On the Economic Zone of the USSR'"]

[Text] The Presidium of the USSR Supreme Soviet decrees:

1. The measures of responsibility established by Articles 19 and 21 of the Ukase of the USSR Supreme Soviet Presidium of 28 February 1984 "On the Economic Zone of the USSR" (VEDOMOSTI VERKHOVNOGO SOVETA SSSR, 1984, No 9, Art 137), are applied to legal and physical persons, who have committed violations within the economic zone of the USSR, provided for by Article 19 of this Ukase.

The legislation of the Union of Soviet Socialist Republics and the legislation of the union republic to which the relevant maritime regions are adjacent are applied to the legal relations arising in connection with the exercise of the sovereign rights and jurisdiction of the USSR in the economic zone of the USSR.

2. To explain that among the violations, which entail responsibility in accordance with Part Two of Article 19 of the Ukase of the USSR Supreme Soviet Presidium of 28 February 1984, are:

Illegal extraction of natural resources in the economic zone of the USSR on a large scale;

violations which entail the deterioration of the conditions of reproduction of fish and other living resources of the economic zone of the USSR;

contamination of the sea environment within the limits of the economic zone of the USSR, which is harmful to the health of people, to living resources of the sea, to resorts, or which creates obstacles to other legal types of use of the sea;

illegal conduct, within the economic zone of the USSR, of maritime scientific research which is harmful to the state interests of the USSR;

violations of the regulations for the creation and exploitation of artificial islands, installations and structures in the economic zone of the USSR, which entail ship wrecks and the loss of people and or property;

violations attended by the prevention of legal activity of the officials of the organs carrying out the protection of the economic zone of the USSR, as well as other violations provided for by Article 19 of the indicated Ukase, which entail grave consequences.

A repeated violation, provided for by Part Two of Article 19 of the Ukase of the USSR Supreme Soviet Presidium of 28 February 1984, is a violation of the law from among those provided for by this article, which is committed in the course of one year after the application of administrative punishment for one of those legal violations.

3. The penalties provided for by Part One of Article 19 of the Ukase of the USSR Supreme Soviet Presidium of 28 February 1984 are imposed by the organs for fish protection of the USSR Ministry of Fish Industry and by the organs for the regulation of water utilization and preservation of the system of the USSR Ministry of Land Reclamation and Water Resources.

If, in the opinion of these organs, confiscation is expedient in conformity with Part Two of the indicated article, the materials concerning such violations are turned over by them for review by the rayon (city) people's court.

In case of the refusal of violators to make voluntary restitution of the damage inflicted on living and other resources of the economic zone of the USSR, the organs named in Part One of the present article have the right to bring legal action against the violators concerning the recovery of funds for the compensation of this damage to be paid to the state.

4. The decree on the imposition of a penalty, adopted by the organs indicated in Part One of Article 3 of the present Decree, may be appealed within a 10-day period from the day of the passage of the decree to the higher organ or to the rayon (city) People's Court located in the closest open port of the USSR. Such appeals are reviewed within a 10-day period from the moment of their arrival. The decision of the higher organ or rayon (city) people's court is final with respect to the indicated appeal.

5. In cases indicated in Part Two, Article 3 of the present Decree, as well as in the case of the commission of violations provided for by Part Two of Article 19 of the Ukase of the USSR Supreme Soviet Presidium of 28 February 1984, the materials concerning the violations are reviewed by the rayon (city) court in the place of the delivery of the violator, in the presence of the violator and representatives of the appropriate organs which carry out the protection of the economic zone of the USSR, within a 5-day period from the moment of the receipt of the material in court.

6. The decree of the rayon (city) people's court with respect to cases of the violations indicated in Article 5 of the present Decree may be appealed within a 10-day period from the day of the passage of the decree to a higher court. Such appeals are reviewed within a 3-day period from the moment of their

arrival. The decision of the higher court is final with respect to the indicated appeal.

7. In reviewing cases concerning violations provided for by Article 19 of the Ukase of the USSR Supreme Soviet Presidium of 28 February 1984, the rayon (city) court has the right to decide simultaneously the question of the compensation of damage inflicted to living and other resources of the economic zone of the USSR.

In case the decision of this question by the court simultaneously with the examination of the case concerning the violation, as well as in the case of the refusal of the violator to make voluntary restitution for the damage when a penalty is imposed by the organs indicated in Part One of Article 3 of the present Decree, the question concerning the compensation of damage is decided through civil legal proceedings.

8. With a view to stopping the violations provided for by Article 19 of the Ukase of the USSR Supreme Soviet Presidium of 28 February 1984 and securing the timely and correct examination of cases and the execution of decrees on cases about these legal violations, the legally authorized officials of the organs carrying out the protection of the economic zone of the USSR, in a procedure set forth by the USSR Council of Ministers, have the right to remove, from the violators, fishing and hunting gear, equipment, instruments, and other objects and documents, as well as everything illegally obtained. Against vessels violating the legislation on the economic zone of the USSR, in answer to the use of force by them and in other exceptional cases, the border troops may use all measures called forth by the circumstances that have developed, measures that are necessary in order to stop the violations and to detain the violators, in a procedure established by the USSR Council of Ministers.

Chairman of the Presidium of the USSR Supreme Soviet K. Chernenko

Secretary of the Presidium of the USSR Supreme Soviet T. Menteshashvili

Moscow, Kremlin. 12 November 1984.
No 1309--XI.

8970

CSO: 1825/35

GENERAL

JANUARY-SEPTEMBER FOREIGN TRADE STATISTICS

Moscow FOREIGN TRADE in English No 12, Dec 84 Supplement [unpaginated]

[Text]

Soviet Foreign Trade by Groups of Countries

(mln rubles)

		January — September	
		1983	1984
TOTAL	Turnover	95023,3	102655,2
	Export	49597,4	54441,9
	Import	45425,9	48213,3
Socialist countries	Turnover	52986,5	59666,7
	Export	27659,9	31191,7
	Import	25326,6	28475,0
including:			
CMEA member countries	Turnover	48685,4	54276,9
	Export	25398,7	28423,7
	Import	23286,7	25853,2
Industrial capitalist countries	Turnover	28585,1	29840,6
	Export	14133,7	15791,6
	Import	14451,4	14049,0
Developing countries	Turnover	13451,7	13147,9
	Export	7803,8	7458,6
	Import	5647,9	5689,3

Soviet Foreign Trade by Countries*

(mln rubles)

Countries		January — September	
		1983	1 st 84
EUROPE:			
Austria	Turnover	1035,0	1219,3
	Export	412,7	563,1
	Import	622,3	656,2
Belgium	Turnover	1190,2	1281,6
	Export	741,1	902,0
	Import	449,1	379,6
Bulgaria	Turnover	7860,7	8783,1
	Export	4140,7	4660,8
	Import	3720,0	4122,3
Great Britain	Turnover	1296,9	1561,3
	Export	802,4	974,0
	Import	494,5	587,3
Hungary	Turnover	5908,1	6475,6
	Export	2951,3	3298,0
	Import	2956,8	3177,6
German Democratic Republic	Turnover	9871,9	10961,7
	Export	4992,7	5385,2
	Import	4879,2	5576,5
Greece	Turnover	470,8	502,0
	Export	342,5	415,5
	Import	128,3	86,5
Denmark	Turnover	274,4	348,1
	Export	220,8	275,3
	Import	53,6	72,8
West Berlin	Turnover	230,2	302,8
	Export	150,9	236,8
	Import	79,3	66,0

* The countries are given in the Russian alphabetical order.

Countries		January — September	
		1983	1984
Ireland	Turnover	86,2	45,5
	Export	17,5	17,3
	Import	68,7	28,2
Iceland	Turnover	77,9	83,7
	Export	37,3	40,2
	Import	40,6	43,5
Spain	Turnover	411,0	451,6
	Export	229,2	224,4
	Import	181,8	227,2
Italy	Turnover	3270,8	3371,2
	Export	2151,7	2388,4
	Import	1119,1	982,8
Liechtenstein	Turnover	14,0	19,7
	Export	1,3	1,0
	Import	12,7	18,7
Luxembourg	Turnover	15,8	11,4
	Export	4,5	5,7
	Import	11,3	5,7
Malta	Turnover	27,4	14,2
	Export	22,6	5,8
	Import	4,8	8,4
Netherlands	Turnover	1802,5	1431,2
	Export	1392,5	1242,9
	Import	410,0	188,3
Norway	Turnover	134,0	138,3
	Export	58,6	78,2
	Import	75,4	60,1
Poland	Turnover	7352,9	8293,0
	Export	3868,1	4449,6
	Import	3484,8	3843,4
Portugal	Turnover	59,0	75,7
	Export	25,8	42,3
	Import	33,2	33,4
Romania	Turnover	2477,6	2692,6
	Export	1199,1	1322,2
	Import	1278,5	1340,4
Federal Republic of Germany	Turnover	4952,4	5732,9
	Export	2347,0	3241,4
	Import	2605,4	2491,5

Countries		January — September	
		1983	1984
Finland	Turnover	2287,4	3580,0
	Export	1741,4	1833,4
	Import	2013,0	1746,6
France	Turnover	2121,2	2940,9
	Export	1707,9	1694,9
	Import	1353,1	1246,0
Czechoslovakia	Turnover	8288,1	9370,1
	Export	4269,7	4948,1
	Import	4018,4	4422,0
Switzerland	Turnover	667,7	582,8
	Export	393,5	289,9
	Import	274,2	292,9
Sweden	Turnover	681,5	624,5
	Export	491,0	440,7
	Import	190,5	183,8
Yugoslavia	Turnover	3529,7	4129,4
	Export	1855,7	2133,6
	Import	1674,0	1995,8
ASIA:			
Afghanistan	Turnover	452,0	691,5
	Export	258,6	465,6
	Import	193,4	225,9
Bangladesh	Turnover	54,5	22,7
	Export	28,5	17,5
	Import	26,0	5,2
Burma	Turnover	1,6	2,1
	Export	0,8	1,8
	Import	0,8	0,3
Vietnam	Turnover	850,9	933,5
	Export	700,2	754,4
	Import	150,7	179,1

Countries		January — September	
		1983	1984
India	Turnover	1749,5	1953,0
	Export	953,2	1066,5
	Import	796,3	886,5
Indonesia	Turnover	43,7	38,0
	Export	19,9	3,8
	Import	23,8	34,2
Jordan	Turnover	14,9	14,5
	Export	14,6	14,4
	Import	0,3	0,1
Iraq	Turnover	325,9	677,2
	Export	99,9	135,6
	Import	226,0	541,6
Iran	Turnover	655,8	272,1
	Export	312,1	177,2
	Import	343,7	94,9
Yemen Arab Republic	Turnover	37,4	8,1
	Export	37,3	8,1
	Import	0,1	0
People's Democratic Republic of Yemen	Turnover	105,1	89,3
	Export	101,4	84,8
	Import	3,7	4,5
Kampuchea	Turnover	47,0	59,9
	Export	44,5	55,5
	Import	2,5	4,4
Cyprus	Turnover	19,2	41,9
	Export	6,9	26,3
	Import	12,3	15,6
China	Turnover	305,0	699,6
	Export	156,0	323,7
	Import	149,0	375,9
Korean People's Democratic Republic	Turnover	413,4	516,8
	Export	197,1	267,5
	Import	216,3	249,3
Kuwait	Turnover	3,8	2,9
	Export	3,3	2,4
	Import	0,5	0,5
Laos	Turnover	53,0	44,0
	Export	52,4	43,2
	Import	0,6	0,8

Countries		January — September	
		1983	1984
Lebanon	Turnover	17,0	31,7
	Export	14,0	27,2
	Import	3,0	4,5
Malaysia	Turnover	206,2	179,0
	Export	11,2	9,5
	Import	195,0	169,5
Mongolian People's Republic	Turnover	982,2	1029,9
	Export	752,3	790,8
	Import	229,9	239,1
Nepal	Turnover	9,8	14,5
	Export	8,6	11,8
	Import	1,2	2,7
Pakistan	Turnover	96,7	99,0
	Export	47,8	63,0
	Import	48,9	36,0
Saudi Arabia	Turnover	119,2	239,2
	Export	9,1	18,5
	Import	110,1	220,7
Singapore	Turnover	67,2	195,5
	Export	11,1	18,0
	Import	56,1	177,5
Syria	Turnover	397,0	363,0
	Export	156,5	197,1
	Import	240,5	165,9
Thailand	Turnover	37,5	23,4
	Export	5,7	8,6
	Import	31,8	14,8
Turkey	Turnover	161,1	192,4
	Export	98,7	105,1
	Import	62,4	87,3
Philippines	Turnover	53,2	55,7
	Export	3,7	4,5
	Import	49,5	51,2
Sri Lanka	Turnover	28,6	45,4
	Export	2,2	1,6
	Import	26,4	43,8
Japan	Turnover	2285,5	2166,1
	Export	578,6	632,6
	Import	1706,9	1533,5

Countries	January — September	
	1983	1984

AFRICA:

Algeria	Turnover	111,3	117,4
	Export	100,4	101,0
	Import	10,9	16,4
Angola	Turnover	135,9	125,9
	Export	133,7	123,5
	Import	2,2	2,4
Ivory Coast	Turnover	39,2	109,2
	Export	1,2	1,4
	Import	38,0	107,8
Ghana	Turnover	47,0	49,1
	Export	1,4	1,3
	Import	45,6	47,8
Guinea	Turnover	42,6	59,8
	Export	12,8	21,5
	Import	29,8	38,3
Egypt	Turnover	404,5	353,0
	Export	161,7	171,1
	Import	242,8	181,9
Cameroun	Turnover	15,0	12,6
	Export	1,4	4,2
	Import	13,6	8,4
People's Republic of the Congo	Turnover	5,4	4,4
	Export	3,9	3,3
	Import	1,5	1,1
Liberia	Turnover	1,9	1,9
	Export	1,5	1,8
	Import	0,4	0,1
Libya	Turnover	1024,2	860,6
	Export	232,5	102,9
	Import	791,7	757,7
Morocco	Turnover	142,4	127,0
	Export	113,8	87,0
	Import	28,6	40,0
Mozambique	Turnover	55,4	115,3
	Export	55,1	114,2
	Import	0,3	1,1
Nigeria	Turnover	312,3	168,8
	Export	244,8	126,3
	Import	67,5	42,5

Countries		January — September	
		1983	1984
Sudan	Turnover	34,4	14,7
	Export	0,4	0,1
	Import	34,0	14,6
Sierra Leone	Turnover	0,3	3,1
	Export	0,3	1,4
	Import	0	1,7
Tanzania	Turnover	4,0	6,1
	Export	1,9	2,6
	Import	2,1	3,5
Tunisia	Turnover	7,4	28,8
	Export	6,1	25,9
	Import	1,3	2,9
Ethiopia	Turnover	140,0	157,9
	Export	126,3	141,1
	Import	13,7	16,8
AMERICAS:			
Argentina	Turnover	1171,9	1003,0
	Export	19,3	20,0
	Import	1152,6	983,0
Bolivia	Turnover	11,2	2,9
	Export	0,6	0,8
	Import	10,6	2,1
Brazil	Turnover	514,0	488,4
	Export	85,4	92,9
	Import	428,6	395,5
Canada	Turnover	1011,6	986,2
	Export	22,1	15,3
	Import	989,5	970,9
Colombia	Turnover	13,1	33,7
	Export	1,0	3,6
	Import	12,1	30,1
Cuba	Turnover	5093,0	5737,4
	Export	2524,6	2784,6
	Import	2568,4	2952,8
Mexico	Turnover	7,9	15,4
	Export	1,3	1,2
	Import	6,6	14,2

Countries	January — September	
	1983	1984

Nicaragua	Turnover	40.8	98.8
	Export	31.6	98.4
	Import	9.2	0.4
Panama	Turnover	7.3	7.8
	Export	7.3	7.7
	Import	-	0.1
Peru	Turnover	18.4	25.7
	Export	3.5	11.2
	Import	14.9	14.5
United States of America	Turnover	1208.1	1944.1
	Export	171.4	210.2
	Import	1036.7	1733.9
Uruguay	Turnover	39.8	52.1
	Export	0.7	11.4
	Import	39.1	40.7
AUSTRALIA AND OCEANIA:			
Australia	Turnover	325.8	377.0
	Export	5.3	12.3
	Import	320.5	364.7
New Zealand	Turnover	146.2	44.3
	Export	1.0	6.4
	Import	145.2	37.9

COPYRIGHT: "Vneshnyaya trgovlya," 1984
English translation, "Foreign Trade", 1984

CSO: 1812/98

GENERAL

FOREIGN CURRENCY RATES FOR NOVEMBER COMPARED

RATES COMPARED

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian Number 46, November 1984 on page 20 and Number 48, November 1984, page 22 carries the exchange rates issued by the GOSBANK under the rubric "Bulletin of Exchange Rates of Foreign Currencies" as of 1 November 1984 and 16 November 1984 respectively.

CURRENCY	EXCHANGE RATES IN RUBLES	
	1 Nov.	16 Nov.
Australian dollars per 100	71.10	71.70
Austrian schillings per 100	3.96	4.01
Albanian leks per 100	11.94	11.94
Algerian dinars	16.85	16.85
British pounds sterling per 100	102.88	105.65
Argentine pesos per 100	0.72	0.65
Afghan afghanis per 100	1.67	1.67
Belgian francs per 1,000	13.78	13.96
Burmese kyats per 100	10.16	10.16
Bulgarian leva per 100	105.26	105.26
Hungarian forints per 100	5.65	5.65
Vietnamese dong per 100	10.47	10.47
Ghanaian cedis per 100	2.20	2.20
Guinean syli per 100	3.42	3.42
GDR marks per 100	31.25	31.25
FRG deutsche marks per 100	27.81	28.19
Dutch guilders per 100	24.67	25.01
Greek drachmas per 1,000	6.76	6.83
Danish kroner per 100	7.71	7.82
Egyptian pounds each	1.21	1.21
Indian rupees per 100	7.23	7.23
Indonesian rupiahs per 1,000	0.78	0.78
Iraqi dinars each	2.74	2.74
Iranian rials per 100	0.90	0.90
Icelandic kronas per 100	2.53	2.53
Spanish pesetas per 1,000	4.97	5.03
Italian lira per 10,000	4.48	4.54

Yemen, People's Democratic Republic dinars each	2.47	2.47
Yemen Arab Republic rials per 100	14.46	14.46
Canadian dollars per 100	64.60	63.62
China, People's Republic yuan per 100	33.00	33.00
Korea, People's Democratic Republic wons per 100	69.44	69.44
Cuban pesos per 100	90.00	90.00
Kuwaiti dinars each	2.79	2.79
Lebanese pounds per 100	11.27	11.06
Libyan dinars each	2.81	2.81
Malaysian ringgits per 100	35.10	35.10
Moroccan dirhams per 100	9.36	9.36
Mexican pesos per 1,000	4.18	4.18
Mongolian tugriks per 100	23.92	23.92
Nepalese rupees per 100	5.12	5.12
New Zealand dollars per 100	41.11	41.11
Norwegian kroners per 100	9.62	9.70
Pakistani rupees per 100	5.75	5.75
Polish zlotys per 100	1.67	1.67
Portugese escudos per 1,000	5.26	5.26
Romanian leis per 100	12.05	12.05
Singapore dollars per 100	39.64	39.06
Syrian pounds per 100	21.54	21.54
Somali schillings per 100	3.28	3.28
U.S. dollars per 100	85.20	83.70
Sudanese pounds per 100	65.04	65.04
Tunisian dinars each	1.04	1.04
Turkish lira per 1,000	2.09	2.09
Uruguayan pesos per 100	1.36	1.30
Finnish markkas per 100	13.51	13.51
French francs per 100	9.07	9.18
Czechoslovak korunas per 100	10.00	10.00
Swedish kronas per 100	9.87	9.84
Swiss francs per 100	33.88	34.30
Sri Lankan rupees per 100	3.27	3.27
Ethiopian birrs per 100	41.56	41.56
Yugoslav dinars per 1,000	4.62	4.45
Japanese yen per 1,000	3.47	3.47

EARLY NOVEMBER CHANGES

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian No 46, November 1984 on page 20 carries a 250-word article by Ye. Zolotarenko entitled "Our Commentary" which states that eighteen exchange rates were changed by the USSR GOSBANK as of 1 November. Among declines noted were the American and Canadian dollars, the pound sterling, and the Lebanese pound. The French franc, the Deutsche mark, the Italian lira, and the Japanese yen rose.

The article notes that the dollar was lower in comparison with the currencies of the principal capitalist countries, with the exception of the pound sterling and Norwegian kroner, which declined due to the drop in price of oil exported by Great Britain and Norway.

The dollar's drop is attributed to the slowed economic growth rate; industrial orders were 1.8 percent lower in September while orders for durable goods were 4.3 percent lower. Additionally, Zolotarenko reports that the prime rate for the leading industrial and trade corporations dropped from 12.75 to 12 percent during the second half of October.

The price of gold on the world markets is noted as fluctuating between 333-335 dollars per ounce.

MID-NOVEMBER CHANGES

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian, Number 48 of 16 November 1984 carries on page 22 a 250-word article by Ye. Zolotarenko entitled "Our Commentary," which states that as of 16 November the USSR GOSBANK altered the exchange rates of twenty foreign currencies, including the US dollar which declined along with the Argentine peso and the Lebanese pound. The pound sterling, the French franc, the Deutsche mark, the Greek drachma and the Italian lira among others rose.

The dollar's decline is ascribed to the continued worsening of US economic indicators, particularly a sharp decrease in the third economic quarter growth rate in comparison with the first half year, as well as a drop of 0.1 percent in retail trade turnover from September to October. Zolotarenko notes that the dollar's decline was not overly significant as it was dictated by economic factors. He adds that the dollar continued to attract foreign capital to finance the US deficit, which "according to official data will reach \$210-211 billion in the 1985 and 1986 fiscal years." It is noted that the acceleration of the growth of the money supply reduces the maneuverability of US banks, particularly in the area of lowering interest rates.

The strengthened position of the pound sterling is attributed to the improved outlook for the price of North Sea oil and the rise in the rates for British securities.

The price of gold on the world markets is noted to have risen in connection with the dollar's decline; it is currently fixed at \$340-345 per ounce.

END OF

FICHE

DATE FILMED

26 Feb 1985